



# ***Daily Report***

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## **East Asia**

FBIS-EAS-94-187  
Tuesday  
27 September 1994

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# Daily Report

## East Asia

FBIS-EAS-94-187

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## Further on ASEAN Economic Ministers' Meeting

### Japan Asked To Expand Investment

OW2409161794 Tokyo KYODO in English 1448 GMT  
24 Sep 94

[by Keiji Urakami]

[Text] Chiang Mai, Thailand, Sept. 24 KYODO—Economic ministers of the Association of Southeast Asian Nations (ASEAN) on Saturday [24 September] asked Japan to step up investment in their countries to foster their supporting industries, Japanese officials said. Japanese International Trade and Industry Minister Ryutaro Hashimoto received the request during separate meetings with ministers from five of the six ASEAN countries—Thailand, Brunei, Indonesia, the Philippines and Singapore.

The five ministers were in Chiang Mai, northern Thailand, to attend the 26th ASEAN economic ministerial meeting Thursday and Friday, and the third Japan-ASEAN economic meeting Saturday. Hashimoto was unable to hold bilateral talks with Malaysian Trade Minister Rafidah Aziz due to her tight schedule.

Indonesian Minister for Industry and Commerce Sastro-surarto Hartarto called for stepped-up Japanese investment, particularly by the product-component industry, in his country, the officials said. Hartarto said Indonesia is prepared to further ease government controls on regulations as a way to upgrade the investment environments, the officials said.

Hashimoto was quoted as replying Japan wants to promote his ministry's program to nurture supporting industries in the ASEAN countries.

In a meeting with Rizalino Navarro, the Philippines' trade and industry minister, Hashimoto said the semi-governmental Japan External Trade Organization (JETRO) will send an investment promotion mission to the Philippines shortly.

Hashimoto also met with Le Van Triet, Vietnam's foreign trade and tourism minister, who was invited to attend the postministerial meeting to familiarize the potential seventh member of ASEAN with one of the group's major annual activities.

The Vietnamese minister appreciated Japan's yen loans as part of infrastructure improvement programs in the country, which resumed in 1992, the officials said. But he sought further investment efforts from Tokyo, noting Japan's investment in Vietnam is too low as it is the sixth largest investor in the country compared with its top ranking in trade volume, they said.

All the ASEAN ministers Hashimoto met with gave high marks to the latest Japanese plan to accept investment insurance coverage in ASEAN, the officials said.

In meetings with Deputy Thai Prime Minister Suphachai Phanitchaphak and the Vietnamese minister, Japan was asked to accept rice imports from their respective countries under a minimum import access scheme of the Uruguay Round farm accord, they said. Hashimoto was quoted as saying specifics of the import scheme are still under consideration.

### Japan To Help Develop Indochina

BK2509100694 Bangkok THE SUNDAY NATION in  
English 25 Sep 94 pp A1, A2

[Excerpt] Chiang Mai—Asean and Japan agreed yesterday to push ahead with maximum joint cooperation to rehabilitate the economies of Vietnam, Laos and Cambodia, but they excluded Burma on human rights grounds. Japan persuaded Asean not to extend assistance to Burma until Asean develops a clearer policy stand towards the country. The country was originally included in the plan.

The aid programme for Indochina will feature the establishment of a joint task force and a provision for informal consultation between Japan and Asean to promote human resources development and institutional reforms in Cambodia, Laos and Vietnam. Areas of industrial cooperation under the programme will focus on manufacturing technology, management, production control systems, energy development and legal framework reforms.

Japan and Asean also agreed to introduce measures to encourage investment by Japanese businesses in the Asean region. The measures include, trade insurance coverage for Japan's Asean projects under certain investment conditions, a debt guarantee to Japan-Asean joint deals in Indochina and acceptance of re-insurance to help reduce business risks facing Asean insurance companies in Indochina.

"I hope these measures will be helpful to further deepen Japan- Asean relations," Japanese International Trade and Industry Minister Ryutaro Hashimoto said.

Asean economic ministers earlier agreed to look into granting tariff concessions on exports from Indochinese countries and Burma. Informed sources said Japan's International Trade and Industry Ministry wants Asean to have a clearer policy stand on Burma before extended the framework of assistance to Burma. Burma is still facing international criticism for its poor human rights record. The country is now ruled by a military government that has failed to implement the results of elections.

"The inclusion of only Indochina in the final accord does not at all mean that Japan had any particular intention to exclude Burma," Hashimoto said. Japanese officials added that, "Hashimoto said Japan is prepared to expand the scope of the latest aid project in the future."



In a related development, Asean and Japanese economic ministers have continued to assert their objection to the attempt by US and European Unions to link trade with social and human rights issues when forging agreements through the World Trade Organization (WTO). The WTO is the multilateral trade organization that is due to supersede the General Agreement on Tariffs and Trade (Gatt) on Jan 1, 1995.

"If we deal with international labour standards we should take the matter to the International Labour Organization (not the WTO)," Hashimoto said.

Meanwhile, Asean has called on Japan to provide more access to its market to reduce the growing trade deficit between the two. Economic ministers from Asean made the call in a meeting with Japan's minister of international trade and industry.

"The Asean ministers stressed the importance of improving access to the Japanese market, especially for manufactured goods, and the need to address the growing trade deficit with Japan," the Asean officials said in a statement at the end of the one-day meeting.

The statement said the Japanese minister, Ryutaro Hashimoto, said that the trade deficit reflected an increase in imports from Japan, such as factory machines, that are contributing to Asean's economic growth.

Hashimoto said there had been a marked increase in Japanese imports of manufactured products from Asean, and added that Tokyo was committed to increasing imports further and deregulating its market. [passage omitted]

#### **SRV Seeks ASEAN Membership**

*BK2609061794 Bangkok BANGKOK POST in English  
26 Sep 94 p 8*

[Text] Vietnam will provide economic and trade information to ASEAN after being invited to observe its senior economic officials' meetings. The agreements lower the first mutual barrier in front of Vietnam becoming the next member of ASEAN.

Six ASEAN economic ministers and Vietnamese Minister of Trade Le Van Triet met yesterday, initiating crucial steps towards Vietnam's full ASEAN membership, which would include participation in the ASEAN Free Trade Area arrangement. The invitation for Vietnam to observe senior economic officials' meetings is considered a significant step. So far, Vietnam has not been invited to observe meetings of senior foreign affairs officials although it is an observer at meetings of foreign affairs ministers.

Vietnam will also be invited to participate at least in some parts of the next annual meeting between ASEAN economic ministers and Japan's Minister of International Trade and Industry.

On Saturday, ASEAN and Japanese ministers formed a working group to draft a plan for joint ASEAN-Japanese efforts for economic cooperation in Indochina. Vietnam's preparations to enter ASEAN could be part of this effort.

The Vietnamese minister also invited a delegation of senior economic officials and the ASEAN Secretariat to Hanoi to work with the Vietnamese government. The visit may result in a clearer timeframe of Vietnam's membership in ASEAN as well as its free trade programme, Mr Triet told reporters after the meeting.

Singapore's Minister for Trade and Industry Yeo Cheow Tong said Vietnam highlighted concerns involving a lack of understanding over technical details and complexities in ASEAN membership.

"ASEAN member states have said we are ready to be flexible, and work at a timeframe to accommodate changes (in Vietnam) that need to be put in place," said Minister Yeo.

During the meeting yesterday morning, Minister Triet explained Vietnam's situation to the ASEAN ministers, emphasizing that Vietnam is pressing ahead with reform of its entire economic structure to make it internationally compatible.

Specifically preparing for its ASEAN membership, Vietnam has agreed to provide ASEAN with information on economics, trade, and policies, equal to or beyond what it has given to the General Agreement on Tariffs and Trade in an application to become an observer, the minister said.

Vietnam has set up a research team to study ASEAN Free Trade Area, and will send a mission of officials from different government agencies to tour ASEAN countries, he added.

"In that direction, we have to further reform the economic policy and mechanism, promulgate trade-related laws and others," the minister said.

The Vietnamese minister informed his ASEAN counterparts that Vietnam plans to seek membership of GATT, and the ASEAN ministers decided to refer this as a point of consideration to their officials. ASEAN countries are all GATT members.

#### **SRV Minister's Comments Cited**

*BK2609033594 Bangkok THE NATION in English  
26 Sep 94 pp A1, A4*

[Report by Wichit Chaitrong and Surachat Chupaka]

[Text] Chiang Mai—The decision to speed up trade liberalization within the Asean Free Trade Area (Afta) will make it more difficult for Vietnam to participate fully, Vietnamese Foreign Trade Minister for Foreign Trade Le Van Triet said yesterday.



"If we have to reduce our tariff rates to conform with the Asean tariff reduction mechanism, the Common Effective Preferential Tariff (CEPT) scheme, we'll be in a most difficult situation compared with other Asean countries," he said through an interpreter. However, since all Asean member states have agreed to welcome Vietnamese membership in the Association of Southeast Asian Nations, Vietnam will participate in Afta sooner or later.

Asean economic ministers meeting in Chiang Mai agreed to bring forward the implementation of trade liberalization by five years, setting a new target deadline of 2003.

Le Van Triet said full integration into Afta depends on proper preparation and the economic cooperation of other Asean countries. However, it's still far off because Vietnam first must move from central planning to a market-oriented economy.

The economic ministers have discussed the problems with Vietnamese ministers, Le Van Triet said. He asked them to provide full information, outline Vietnam's obligations to join Afta and say whether Asean would agree to economic concessions or tariff cuts for Vietnam.

"If Vietnam is the least developed country in Asean, I want to know how they'll treat us as a newcomer," he said. The minister said Vietnam plans to set up a mission under a deputy foreign minister to study the implications, obligations and benefits which would accrue from joining Afta and to gain an understanding of how the system works.

Le Van Triet emphasized, however, that Hanoi is determined to speed up preparations for joining in all Asean activities eventually. Vietnam has already established a working group to concentrate on participation in Asean. He said the ministers meeting in Chiang Mai last week instructed the Asean Secretariat and senior economic officials to send experts to Vietnam to discuss Afta in detail with the authorities.

#### **SRV Official Discusses Participation**

*OW2509133094 Tokyo KYODO in English 1235 GMT 25 Sep 94*

[By Keiji Urakami]

[Text] Chiang Mai, Thailand, Sept. 25 KYODO—Vietnam unveiled a scheme on Sunday [25 September] to develop its Cam Ranh Bay into a world trade and aviation center.

"Vietnamese policy-makers as well as those involved in economic development are thinking of a project in which Cam Ranh Bay would become a center to exchange commodities with the world and an aviation center," Vietnamese Foreign Trade Minister Le Van Triet said in an interview with KYODO NEWS SERVICE.

Triet said his country is considering the bay also as "a future city of Vietnam in the 21st century."

This marked the first time that Vietnam has officially disclosed a blueprint on how to exploit the economic potential of the bay, located some 1,100 kilometers south of Hanoi.

Triet said Vietnam is studying how to "make the best use of the geographically advantageous bay."

"This is a large project. Beside our efforts to carry the project, we need foreign participation," he said.

"Whoever would be our partner, the project needs cooperation that would bring benefits not only for Vietnam but for the partner," he added.

Triet confirmed he touched on the use of Cam Ranh Bay during his meeting with Japanese International Trade and Industry Minister Ryutaro Hashimoto on Saturday.

"The project is so large, we did not reach a conclusion," Triet said.

He said, "our policy is to broaden relations with all the countries in the world without discrimination to any country."

Triet met with economic ministers of the six-member Association of Southeast Asian Nations (ASEAN) earlier in the day to discuss Vietnam's participation in the regional group.

#### **SRV's ASEAN Membership Viewed**

*BK2409130394 Bangkok BANGKOK POST in English 24 Sep 94 p 24*

[Report by Suphaphon Kanwerayothin and Peter Maitri Ungphakon]

[Text] By the end of next year, ASEAN intends to welcome Vietnam as its seventh member. But membership involves much more than a grand signing ceremony. One of the most difficult issues that must be addressed in the coming months is how Vietnam will fit into the ASEAN Free Trade Area (AFTA) programme.

Some seem to be saying that Vietnam will have to conform with the standard timetable of acceding to AFTA provisions upon becoming an ASEAN member. This appeared to be the view of Thai Finance Minister Tharin Nimmanhemin and Malaysia's international trade and industry minister, Datuk Sri Rafidah Aziz, on Wednesday when the two insisted that if Vietnam joins ASEAN it will have to join AFTA at the same time. But serious doubts are being raised about Vietnam's ability to soon enter a free-market-oriented pact since it has only recently begun its transformation from a centrally-planned economy.

Some officials suggest it may be possible for Vietnam to join AFTA but at a slower pace than the rest of ASEAN. Various ASEAN agreements are being studied to determine whether rules would have to be changed if Vietnam is allowed entry at a slower pace.



A conclusion to these questions is far into the future. "At this moment, we don't even know what Vietnam's concerns are," ASEAN Secretary-General Ajit Singh said on Wednesday.

Sunday's meeting between ASEAN economic ministers and Vietnamese Trade Minister Le Van Triet in Chiang Mai will be the first step toward what promises to be a long, complicated process in resolving these questions.

ASEAN officials in Chiang Mai and Vietnamese officials interviewed by BUSINESS POST in Hanoi agreed that this first meeting is largely aimed at "getting to know each other".

At the meeting between the Vietnamese and ASEAN economic ministers, "There will be a lot to talk since this will be the first time they meet the talks will focus on economic cooperation," said one senior Vietnamese official involved in ASEAN affairs.

Politically speaking, Vietnam's membership in ASEAN has shifted from differences in the level of economic development between ASEAN and Vietnam to the gap in ASEAN's free market moving to create a free trade area, and Vietnam's efforts to convert to a free-market economy.

Among Vietnam's questions about ASEAN is why the overall ASEAN economy has achieved and sustained high growth despite what is said to be "ineffective intra-ASEAN economic cooperation," a senior Vietnamese government official noted.

"Vietnam wants to know about all aspects of this process, so as to prepare ourselves to join at some point. Finance, banking, trade, tourism, telecommunications, transport and agriculture—these are the areas in which we must learn the rules of the game," he said.

Regarding banking and finance, Vietnam is keen to learn more about ASEAN investment cooperation and sophisticated new financial instruments like derivatives and swap arrangements, he said.

On the question of the ASEAN Free Trade Area, Hanoi is keen to learn how other ASEAN governments will assist their the industries to be affected by AFTA tariff reduction schemes.

"This is a tough question for Vietnam where most industries are government-owned," the official said.

Vietnam's Ministry of Trade, anticipating a rough road in making its trade and tariff systems ASEAN-compatible, is looking forward to long-term prospects of more trade with ASEAN, attracting more foreign investment, and enhancing Vietnam's own economic restructuring, according to Ngo Khac Nghia of the Asia-Pacific Department.

Thai commercial counselor to Vietnam Sinthon Kanthawong said Vietnam is preparing to introduce import/

export and commercial laws—the fundamental requirement of a free market system. At this stage of transition, Vietnam's import and export system is ruled by various decrees, Prime Minister's orders or ministerial directives which are subject to constant change.

Although Vietnam remains cautious about import regulations fearing their impact on its industries, is attempting to prioritise and structure, as reflected in seasonal bans, controls of certain items at certain periods.

At the same time, Vietnam is speeding up liberalisation of its exports, as seen in the recent abolition of the export permit system, except for a few strategic goods.

"Vietnam has to study the systems of ASEAN in order to adjust its own system," said Sinthon.

Another simple thing that Vietnam is attempting at is the system of classifying products to bring it in line with the international coding convention known as the Harmonised System. Under the centrally-planned economy and limited trade relations with the now-defunct Comecon [Council for Mutual Economic Assistance] economies, a limited number of goods were traded in the past, and categorisation was basic. But now there is a greater variety of products that Vietnam is trading.

Nghia of the Ministry of Trade said that Vietnam is facing great pressure to adjust for its involvement in AFTA, an inevitable development upon Vietnam's membership to ASEAN.

"We will face a lot of difficulties in the immediate terms in nearly all sectors, but we must join AFTA in order to develop," he said, adding that his country should not remain outside AFTA once its ASEAN membership is formal.

In order to offer its own list of commodities for tariff reduction under AFTA obligations, Vietnam is thoroughly engaged in study of the fast track and normal track programmes of AFTA, "and then the next question for us is to how to make our own industries more competitive," said Nghia.

### Meeting Examines Macroeconomic Policy

BK2609103594 Bangkok BANGKOK POST in English  
26 Sep 94 p 8

[Text] ASEAN's economic ministers yesterday urged the private sector to pay more attention to small and medium-sized industries. And they called for a regional computer network of business information.

The ministers were meeting informally for the first "Policy Exchange Mechanism", intended as a forum to discuss industrial and macro-economic policy and trade—so far, the main focus of their formal meetings. They agreed to remind ASEAN Chambers of Commerce and Industry that the chambers had already been asked



by a team of experts—appointed by the chambers themselves—to set up ASEANET, an electronic network for exchanging business information. There has been little progress so far.

They also said chambers should work more for small businesses which lack information about policies and opportunities in the region. The chambers are “a club of major industries,” Thai Deputy Prime Minister Suphachai Phanitchaphak said at the meeting.

Malaysia's international trade and industry minister Datuk Sri Rafidah Aziz said “The meeting was very informal. The crux of the matter is that whatever ASEAN governments will do in terms enforcing, implementing good policies, the beneficiaries are the private sector.

“So it's very, very important for the private sector of ASEAN to be alert to the various policy mechanisms that we are undertaking, and the various coordination processes that are being put in place. There must be at their level an exchange of information about the potential of doing business with each other. Please do not depend on governments to do that. Governments will help open doors to them. But they have to be proactive. They cannot come as the Chambers of Commerce and think generalities.”

Dr Suphachai listed three other main points emerging from the meeting. He said ministers agreed to exchange information on the availability of products important for industrial development, particularly machinery and other capital goods which ASEAN members import from outside the group. He said the ASEAN secretariat was asked to compile information technology among members and policies on human resources development such as how subsidies and incentives are being used to encourage on-the-job training.

One of the problems concerning exchange of information on technology is that the private sector regards the information as secret, he said. And the ASEAN secretariat has been asked to report progress back to the next policy exchange mechanism meeting on all economic projects that ASEAN has set up.

Dr Suphachai said ministers have spent so much time planning and modifying major programmes such as the ASEAN Free Trade Area, that they have had insufficient opportunity to comprehensively assess work already implemented.

The next meeting could be held in Phuket next April when ASEAN economic ministers hold their second informal “retreat” and a number of other consultations.

The current meeting, seen by some officials as an important event for the future direction of ASEAN economic cooperation, was low-key. Neither PM's Office Minister Sawit Phothiwiwok nor Deputy Industry Minister Phonthep Taechaphaibun attended even though Dr Suphachai had invited them. The industry ministry was

represented by permanent secretary Siwawong Changkhasiri, who outlined broad principles of Thailand's industrial policy, including targeting six industries with good prospects: textiles and garments, machinery, agro-industry, electronics, petrochemicals, and iron and steel.

A paper that Mr Siwawong prepared for the meeting says: “Economic cooperation under (the ASEAN Free Trade Area) scheme has not expanded satisfactorily. At present ASEAN has not yet determined the industrial development guidelines and strategies to complement one another.”

The paper calls for better consultation and joint policy formulation on industrial development in ASEAN. It blames “lack of linkage” in ASEAN economic cooperation for creating disputes. For example, it calls for the older ASEAN industrial joint venture programme to be tied in specifically with the newer AFTA programme so products of promoted joint ventures can be traded within ASEAN with tariff rates of 0%-5% without any delay.”

The paper also urges ASEAN members to “give a high priority to regional cooperation on the transfer of technology”.

## Reportage on Attendance at Hiroshima Asian Games

### Taiwan's Hsu to Attend

OW2409135394 Tokyo KYODO in English 1305 GMT  
24 Sep 94

[Text] Hiroshima, Sept. 24 KYODO—A senior Taiwanese Olympic official said Saturday [24 September] that Deputy Premier Hsu Li-te will visit Japan as scheduled to attend the Hiroshima Asian Games.

Chen Kuo-yi, deputy secretary general of the Chinese Taipei Olympic Committee, made the statement in a telephone interview with KYODO NEWS SERVICE. Chen did not specify when Hsu will arrive in Japan but said the deputy premier will “enter Hiroshima by the opening ceremonies.”

After attending the opening ceremony, Chen said, Hsu will inspect competition sites since Taiwan is bidding to host the 2002 Asiad and will also encourage Taiwanese athletes. He did not say, however, how long Hsu will stay in Japan. Chen criticized Wei Jizhong, secretary general of the Chinese Olympic Committee, as being “illogical” for seeking to cancel Hsu's visit to Japan on grounds that Olympic Council of Asia (OCA) President Ahmad al-Fahd opposed Hsu's visit.

In a cable sent Friday to the Hiroshima Asian Games Organizing Committee, Wei quoted Ahmad as saying that the issuance of an ID card to Hsu is against his statement which canceled all invitations to political figures.



Chen refuted that by saying Ahmad acknowledged Hsu's visit had been approved by the Hiroshima Asian Games Organizing Committee when Chen met Ahmad earlier in the week.

#### **Hsu Comments on Attending Games**

*OW2709033194 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 26 Sep 94*

[From the "Hookup" program]

[Text] During his meeting with a delegation of Japanese upper house members in Taiwan yesterday, Hsu Li-te indicated that he hoped to meet with Japanese parliamentarians during his visit to Japan.

On the subject of whether Deputy Premier Hsu Li-te will be able to attend the 12th Asian Games in Japan, a spokesman from our Foreign Ministry said yesterday that according to the understanding of the Taiwan side, the Japanese Government will adhere to its position and will not change its decision to allow Hsu Li-te to go to Japan, and added that the Taiwan side is gratified with the decision.

As to Hsu Li-te's activities in Hiroshima [words indistinct] Asian Games, the spokesman said the Foreign Ministry has not been involved in making arrangements for his activities there.

#### **Qian Qichen: PRC Not To Boycott**

*OW2609155694 Tokyo KYODO in English 1525 GMT 26 Sep 94*

[By Miu Oikawa Dieter]

[Text] New York, Sept. 26 KYODO—Chinese Foreign Minister Qian Qichen told Japanese Foreign Minister Yohei Kono Monday [26 September] morning that despite concerns, China will participate in the Oct. 2-16 Hiroshima Asian Games as scheduled, Japanese officials said. Qian said, however, that he is concerned the visit by Taiwan's Deputy Premier Hsu Li-teh to the Asian Games will have a negative impact on relations between China and Japan, the officials said. Qian told Kono some "related missions" may not attend the Games, the officials said. He was also quoted as saying it would be difficult for Chinese State Councillor Li Tieying to visit Japan.

Kono reiterated Japan's position that it will allow Taiwanese Deputy Premier Hsu to enter Japan in his capacity as a member of Taiwan's bidding committee for the 2002 Asiad and that his visit is therefore for nonpolitical purposes. He assured Qian that Japan will not hold any governmental contacts with Hsu while he is in Hiroshima, the officials said.

In a 40-minute meeting with Kono at the UN Plaza, Qian said Japan's position violates the 1972 Japan-China joint statement and friendship treaty. He told

Kono Beijing has called on Japan to reverse its decision to allow Hsu's entry into Japan, and that it is not satisfied with Tokyo's explanation.

The Chinese foreign minister criticized Taiwan for using sports for political purposes and said he hopes Japan will not join recent moves to support Taiwan's entry in the international arena.

"I am concerned that this will be a bad precedent," Qian was quoted as saying. "I'm worried this case will overshadow bilateral relations (between Beijing and Tokyo)," he reportedly told Kono.

Japan severed official ties with Taiwan when it established diplomatic relations with China in 1972. It has limited contacts with Taiwan to nongovernmental activities in such fields as economic and tourism. The Olympic Council of Asia (OCA) initially invited Taiwan President Li Teng-hui to attend the games but later canceled all invitations to "political figures" following China's protests. China considers Taiwan as a renegade province since the the Nationalists (Kuomintang) fled the mainland after losing the civil war in 1949.

Kono, who flew into New York Saturday evening from Washington to attend the UN General Assembly, told Qian the government of Prime Minister Tomiichi Murayama which came to power last June will continue to place importance on relations with China, the officials said.

"The Murayama government's position on Japan-China relations remains unchanged," Kono was quoted as telling Qian. "I want to make clear that we will continue to limit Japan-Taiwan relations to nongovernmental contacts." He said Japan studied Hsu's entry into Japan "very carefully" and made its decision based on the rules of the Olympic Games.

Meanwhile in Hiroshima, Mayor Takashi Hiraoka expressed pleasure over the news, saying "I'd like to welcome the willingness (to attend the games) by the Chinese Government. We'd like to try to achieve the Games' goal of building peace in Asia through sports," Hiraoka said.

The Hiroshima Asian Games Organizing Committee (HAGOC) released an official comment on the Kono-Qian talks in New York, saying that it wishes for China's fine performance in Hiroshima. Fumikazu Minami, spokesman for the HAGOC, said it was informed of the results of the New York talks at around 10:45 p.m. Monday night (Japan time).

#### **PRC Province Governor Cancels Visit**

*OW2609144294 Tokyo KYODO in English 1427 GMT 26 Sep 94*

[Text] Hiroshima, Sept. 26 KYODO—China's Sichuan Province Governor Xiao Yang canceled a planned visit to Hiroshima to attend the 10th anniversary of friendly ties between the province and Hiroshima Prefecture,



prefectural officials said Monday [26 September]. It is yet unclear whether the abrupt cancellation is related to a row over Taiwanese Deputy Premier Hsu Li-te's planned attendance to the Hiroshima Asian Games.

Xiao was also scheduled to attend the opening ceremony of the Asiad on Oct. 2, they said. The Sichuan provincial government informed the Hiroshima prefectural government of the repeal of Xiao's visit by fax Monday, only four days before the planned ceremony, the officials said. The official, reading the faxed message, said, "Provincial Gov. Xiao Yang has become unable to attend the ceremony due to his busy official schedule."

Li Changchun, director of the provincial government's foreign affairs office, and three other Chinese officials in the governor's originally-planned entourage will also cancel their attendance at the Asiad, but they will attend the rite for the friendship pact, they quoted the fax as stating.

Prefectural government officials said Xiao's cancellation had nothing to do with the Taiwanese vice premier's planned visit to Asiad. But some analysts said the abrupt cancellation can be linked to Chinese fury over the Japanese Government's refusal to bar a visit by the high-ranking Taiwanese government official.

#### **DPRK Not To Attend OCA Meetings**

*OW2409105394 Tokyo KYODO in English 1043 GMT  
24 Sep 94*

[Text] Hiroshima, Sept. 24 KYODO—North Korea will not send officials to next month's Hiroshima Asian Games for a series of Olympic Council of Asia (OCA) meetings, the secretary general of the games' organizing committee said Saturday [24 September]. According to Takayoshi Fukushima, the organizing committee received a notice to that effect from the North Korean Olympic Committee under the name of Secretary General Chang Ung. The OCA General Assembly is slated to be held for two days starting Oct. 5.

North Korea, which said in June it will boycott the Asian Games because of worsened bilateral relations with Japan, had said it would send officials to the OCA meetings and a series of sports meetings to be held during the Oct. 2-16 games.

North Korea is one of two nations that will sit out the games. Iraq is the other country, whose membership has been suspended by the OCA because of its invasion of Kuwait four years ago.

#### **Kazakhstan Willing To Compete**

*OW2609092294 Tokyo KYODO in English 0852 GMT  
26 Sep 94*

[Text] Hiroshima, Sept. 26 KYODO—Kazakhstan, battling inflation and other economic woes, has expressed willingness to take part in the East Asian games as part of its plans to enhance the competitive level of its athletes. An Olympic official said the republic belongs to the East Asia region and has a strong wish to participate in the East Asian games.

In an interview with KYODO NEWS SERVICE on Sunday [25 September], Baglan Idrisov, secretary general of the National Olympic Committee of the Republic of Kazakhstan, defined Kazakhstan as "an East Asian state." He is visiting Hiroshima for the Asian Games starting Sunday.

Kazakhstan, along with Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, are the five former Soviet republics competing in the Asiad for the first time since gaining independence.

Idrisov said Kazakhstan has lagged behind in its training program for athletes because the republic has suffered serious inflation problems since the collapse of the Soviet Union, and its sports exchanges with the Commonwealth of Independent States (CIS) has been halted.

"We wish to take part in the East Asian games to exchange techniques and experiences with athletes from other countries such as Japan, China, Taiwan and South Korea," he said.

Meanwhile, Idrisov said a program to send promising Kazakh athletes to the United States for a few months is now being discussed with the International Olympic Committee (IOC). The IOC is assisting the program financially, he added. The first East Asian games was held in May last year in Shanghai, China.

North Korea had initially planned to host the second East Asian games in Pyongyang next year, but has given up on the plan. An alternate site has not been decided.



**Japan****Murayama Opposes U.S. Embargo Policy on Bosnia***OW2709125994 Tokyo KYODO in English 1243 GMT 27 Sep 94*

[Text] Tokyo, Sept. 27 KYODO--Prime Minister Tomiichi Murayama voiced opposition Tuesday [27 September] to a U.S. proposal to lift an arms embargo on Muslims in the former Yugoslav Republic of Bosnia-Herzegovina to help them against attacks from Bosnian Serbs.

"I am against a lifting of the arms embargo, so I would like to push the Japanese assertions (on this point) at the venue of the United Nations by contacting the Foreign Ministry," legislators quoted Murayama as saying.

Murayama made the remarks in response to a statement by Takashi Kosugi, a Liberal Democratic Party member in the House of Representatives, who warned that lifting the embargo would "lead to triggering a crisis engulfing the Balkan peninsula."

Kosugi and fellow legislator Masako Owaki, a House of Councillors member, were briefing the premier on results of a fact-finding mission to the former Yugoslavia. The two were among mission members.

The United States has called for an abolition of the embargo, saying that the international community should better arm Bosnian Muslims to prevent the Serbs from taking more lives and territory.

The administration of President Bill Clinton earlier set Oct. 15 as the deadline to lift the embargo in view of a congressional threat to take action toward that end and the Serbs' reluctance to accept a proposed peace plan.

**Hashimoto Leaves for Washington To Meet Kantor***OW2709045194 Tokyo KYODO in English 0440 GMT 27 Sep 94*

[Text] Tokyo, Sept. 27 KYODO--International Trade and Industry Minister Ryutaro Hashimoto left for Washington Tuesday [27 September] afternoon to meet U.S. Trade Representative Mickey Kantor in a bid to break an impasse in the so-called framework talks. Hashimoto is to return home Thursday afternoon as he must attend the opening session of an extraordinary Diet session that begins on Friday.

**Goal in Washington Outlined***OW2709042294 Tokyo KYODO in English 0404 GMT 27 Sep 94*

[Text] Tokyo, Sept. 27 KYODO--Japan's trade minister said Tuesday [27 September] a breakthrough is unlikely,

during his visit to Washington, in the deadlocked talks with the United States over trade in autos and auto parts. And flat glass.

"Making progress is unlikely in the short period" of his 24-hour stay, International Trade and Industry Minister Ryutaro Hashimoto told reporters after a morning cabinet meeting.

The hastily arranged visit is intended to stimulate movement in the "completely stalemated subcommittee-level talks," Hashimoto said, stressing that the visit is not expected to produce a final accord on the two areas being addressed under the Japan-U.S. "framework" trade talks.

Hashimoto said the two sides remain far apart, adding there are no new offers, and his stance of opposing any numerical targets and of proposing a partial agreement is unchanged.

Meanwhile, the trade minister said he explained his views to U.S. Ambassador to Japan Walter Mondale during a meeting held before the cabinet meeting.

Hashimoto is to leave for Washington later in the day for a series of meetings with top U.S. officials. He will meet Commerce Secretary Ron Brown from 6 p.m. Tuesday Washington time and is also arranging to meet U.S. Trade representative Mickey Kantor, Hashimoto said. Hashimoto is obliged to return by Friday for the start of an extraordinary Diet session.

His visit, coordinating with Foreign Minister Yohei Kono, is seen as part of Japan's escalating efforts to settle the framework talks before the U.S.' Friday deadline for possible sanctions. Kono has been in the U.S. since last week, meeting President Bill Clinton and other top officials and attending the UN General Assembly session in New York but has so far failed to see any significant progress.

The framework talks are now centering on the three priority areas—auto and auto parts, Japanese Government procurement of telecommunications and medical equipment, and insurance business.

Talks on flat glass will be raised by "one-rank" Tuesday, Hashimoto said. The sector also falls under threatened U.S. proceedings on trade sanctions.

Concerning the Friday deadline, Hashimoto commented that it was imposed unilaterally by the U.S., and Japan has not accepted it as the time limit for the conclusion of the 15-month-old trade talks. But, apparently hoping to avoid U.S. sanctions, Hashimoto said he reiterated his proposal for a partial agreement during his meeting with Mondale.

While stressing his opposition to any numerical targets, he said he made commitments to achieve deregulation and related measures, except in relation to private-sector affairs that are not under government control. The trade



minister quoted Mondale as saying he would convey these positions to Kantor and Brown.

Hashimoto also said the U.S. side should become "a little more realistic," noting that he intends to ask Kantor and Brown to "invest more authority" in the subcabinet-level sessions for "substantial negotiations."

### **Reportage on U.S. Framework Talks Continues**

#### **NTT Procurement Near Agreement**

*OW2709120794 Tokyo KYODO in English 1142 GMT  
27 Sep 94*

[Text] Tokyo, Sept. 27 KYODO—Japan and the United States have come close to agreement on procurement of foreign products by Nippon Telegraph and Telephone Corp. (NTT), Foreign Ministry officials said Tuesday [27 September].

Negotiations on the issue have been under way while the two countries raced against time to break a deadlock in talks to work out a framework for bilateral trade before the U.S.-set deadline of Friday for possible sanctions against Japan.

The officials said both sides have reached agreement on most issues, except for a U.S. demand that the Japanese Government guarantee expansion of foreign procurement by Japan's domestic telecom giant.

Japan stood by its view that the government has no right to intervene in the company's procurement activities because it is a private entity.

The officials said a full-scale accord now depends on the outcome of framework trade talks between Japanese Foreign Minister Yohei Kono and U.S. Trade Representative Mickey Kantor. Kono is now in the U.S. to attend a UN General Assembly session.

NTT has expanded its purchases from foreign suppliers, mainly U.S. companies, under a Japan-U.S. agreement signed in 1981. The company's procurement from suppliers totaled 119 billion yen in fiscal 1993, up from 98.8 billion yen in the preceding year.

#### **Accord Near in Insurance Talks**

*OW2709090794 Tokyo YOMIURI SHIMBUN in  
Japanese 25 Sep 94 Morning Edition p 1*

[By Hideya Aoki]

[Text] Washington, 24 Sep—It was revealed on 24 September that Japan and the United States have almost reached an overall agreement in negotiations on the insurance sector, which is one of priority sectors in the Japan-U.S. economic framework talks. According to a source involved in the negotiations, a basic agreement has been already reached on important topics and a draft document on the agreement has been worked out. Included in the basic agreement is an adjustment by

Japan of Japanese insurance companies' participation in insurance for injury, illness, and nursing services, or so-called "third sector" insurance, in an effort to continue to show consideration for foreign firms, including U.S. firms, which have enjoyed strength in the sector. However, since the United States reportedly hopes to conclude the insurance negotiations together with the deadlocked government procurement negotiations, it has to coordinate with Japan, which wants to first conclude negotiations one by one.

As for the insurance sector, Eisuke Sakakibara, chief of the Institute of Fiscal and Monetary Policy under the Ministry of Finance, and Ira Wolf, assistant U.S. trade representative, have been negotiating off and on in Washington to work out the final details of the document on the agreement.

According to the source, they have agreed on the handling of so-called "third sector" insurance, which was the major focus, deciding that the Japanese Government will postpone the participation of major Japanese life and nonlife insurance firms in the so-called "third sector" for the time being in an effort to show "consideration" for foreign insurance companies. Although the United States had maintained demands such as one that the timing for the postponement be clearly indicated, it has made concessions after all.

The two countries have also agreed that the liberalization of new business programs development, which was another focal point in addition to the third sector insurance, will be dealt with in accordance with ongoing efforts to reform the insurance system.

Meanwhile, the insurance sector negotiators also discussed objective criteria, which are like numerical targets and are a main cause of the deadlock in negotiations on other sectors such as government procurement. It has been concluded that numerical targets will not be set; instead, such factors as the total amount of foreign insurance companies' profits from premiums will serve as standards.

The United States is opposed to the idea of concluding the insurance sector ahead of other sectors—the idea based on the view that "the insurance sector is relatively less controversial and visible, numerical results cannot be expected," as stated by the source. The country is demanding that the insurance negotiations and the government procurement negotiations be concluded at the same time. For this reason, despite the actual agreement on the insurance sector, the announcement has been postponed. If no agreement is reached on the government procurement sector, it may lead to an unprecedented situation in which the agreement on the insurance sector will float in the air as well.

#### **Editorial Calls for Conclusion**

*OW2709091794 Tokyo ASAHI SHIMBUN in Japanese  
26 Sep 94 Morning Edition p 5*

[Editorial: "Japan and the United States Should Conclude the Framework Talks This Time"]



[Text] In the long history of trade negotiations between Japan and the United States, there have probably been few as laborious and fruitless as the continuing economic framework talks.

Although [then] Prime Minister Kiichi Miyazawa and President Bill Clinton worked out the main points of the framework talks at a meeting in July last year, they came up with an ambiguous definition of objective criteria, which were designed to measure the progress in sector-by-sector negotiations. For this reason, the attention in the framework talks has been focused on disputes over objective criteria.

It was also unfortunate that U.S. Trade Representative [USTR] Mickey Kantor and other former lawyers, who are not necessarily familiar with the economy, have filled the senior posts of the U.S. Government in charge of trade negotiations with Japan. They have not tackled the issue of how the actual state of the economy should be changed, but have continued to take a hard-line stance which is popular at home. This attitude has widened the discord between Japan and the United States.

On the other hand, despite the fact there has been one coalition government after another in Japan since the end of Liberal Democratic Party single-party rule, each has been too powerless to pursue economic management and economic diplomacy without adhering to bureaucratic ideas.

Such circumstances have probably affected the framework talks. Despite meeting four times, Yohei Kono, deputy prime minister and concurrently foreign minister, and USTR Mickey Kantor have failed to reach agreement in the dispute over government procurement. It has been decided they will hold talks again no later than 30 September. We hope the two officials will reach a conclusion this time by making necessary concessions.

If that happens, it will represent the first major turning point in the government procurement sector in the 14 months since the start of the framework talks. It will come in addition to already taken in other sectors, such as insurance, on which agreement will reportedly be reached soon. This means a thorn in Japan-U.S. economic relations will be removed.

Although the two countries have reportedly narrowed the gap on how best to express objective criteria, the focal point of the talks, it appears there is still a disparity in thinking between them. While the United States has tried to force Japan to guarantee some sort of progress in the talks, Japan believes it can make the government procurement procedure fair and transparent, but cannot promise an increase in imports of foreign-made products.

On this point, it seems the U.S. claim is unreasonable. The Japanese Government, on the other hand, should consider why the United States is sticking to the idea of results. Japan has to make an effort to substantially open the procurement sector of the Japanese market so that there is true competition.

What should not be overlooked is the fact that the actual state of the economy is steadily changing while the Japanese and U.S. Governments are snarling each other. There is an indication that the yen's continuing appreciation during their disputes will substantially correct the trade imbalance between them. This is symbolized by auto industry trade, which accounts for more than half of the Japan-U.S. trade imbalance by volume.

The import of automobiles has sharply increased thanks to the yen's appreciation, and the share of imported cars in the sales of new cars finally exceeded 10 percent in August. While Chrysler Corp. and Ford Motor Co. of the United States have enjoyed increased sales through a price cut and the export of right-hand steering cars, the reimport of cars produced by Japanese makers in the United States and other countries has drastically increased.

In addition, Japanese firms have begun to strengthen their strategy to increase local production and decrease exports to the United States by the equivalent of the increase in local production. Toyota Motor Corporation, which is a good example, has announced plans to increase local production in the United States by 50 percent over three years and decrease exports to the country by 30 percent.

The Japanese and U.S. Governments should not argue over objective criteria but face up to reality and adopt trade policies designed to promote these favorable moves. We would be emphatic in making this point to the U.S. administration—an administration which reportedly intends to invoke the new Super 301 provision regardless of progress in the economic framework talks.

Eastern Asia, including China, has now achieved the most remarkable economic growth in the world. In a few years trade friction will not be between Japan and the United States, but with the east Asian nations.

To prepare for this era, the two economic powers in the world should be urged to tackle the task of building a trade order on the medium-to-long term basis.

#### **Opposition to UNSC Permanent Seat Bid Heard**

*OW2709120694 Tokyo KYODO in English 1027 GMT 27 Sep 94*

[Text] Tokyo, Sept. 27 KYODO—Japan should cease its bid to become a permanent member of the UN Security Council and instead take the lead in a drive to abolish the council, a civic group urged Tuesday [27 September].

Peace chain reaction, a Tokyo-based group organized by 10 to 20 people, mostly in their 20s and early 30s, handed over to the Foreign Ministry a petition addressed to Foreign Minister Yohei Kono and staged a sit-in in front of the ministry.

"The council system is undemocratic and privileged," a group member said, noting the need to scrap the 15-member council system.



Kono is scheduled to clearly state Japan's aspiration to win a permanent council seat when he addresses the UN General Assembly on Tuesday. He will also make clear that Japan cannot play a combat role as banned by its pacifist constitution. But the civic group countered that Japan, once admitted to the world's most elite club, would be forced to boost its global security engagement and eventually become a military power.

It also questioned what Japan aims to do as a permanent council member, whether the country will actively promote disarmament and whether the restriction of arms trade has anything to do with Japan's position in the United Nations.

Since the UN's inception in 1945, the five victors of World War II—Britain, China, France, the Soviet Union (now Russia) and the United States—have monopolized permanent council membership with its veto powers. In addition to the five permanent members, the council has 10 nonpermanent members with rotating two-year terms granted by region.

#### **Takemura To Leave for G-7 Session in Madrid**

*OW2609131494 Tokyo KYODO in English 1248 GMT  
26 Sep 94*

[Text] Tokyo, Sept. 26 KYODO—Japanese Finance Minister Masayoshi Takemura will leave Tokyo on Friday night to attend a meeting of the Group of Seven (G-7) industrialized nations in Madrid, government sources said Monday [26 September]. The meeting by the group's finance ministers and central bankers is set for Saturday.

The sources said Takemura will leave for the G-7 meeting after attending a Diet session where Prime Minister Tomiichi Murayama will deliver a policy speech on Friday afternoon.

Takemura earlier planned to skip the session but changed his schedule because Foreign Minister Yohei Kono, now on a tour overseas, will be absent, the sources said. He will return to Tokyo in time for a Diet session on Oct. 3 when interpellations by opposition leaders will begin, they said.

#### **Takemura Comments**

*OW2709032094 Tokyo KYODO in English 0302 GMT  
27 Sep 94*

[Text] Tokyo, Sept. 27 KYODO—Finance Minister Masayoshi Takemura said Tuesday [27 September] Japan will ask for help to stabilize foreign exchange rates at a series of meetings of international finance officials starting this weekend in Madrid.

Takemura said at a press conference, "Japan will attend the meetings on the assumption that the dollar's further falls are not desirable."

"I don't think the current levels correctly reflect economic fundamentals," Takemura said.

Noting that the upcoming international financial gathering comes as a follow-up to the July Naples summit of the Group of Seven (G-7) major nations, Takemura said the stability of currency rates is most important for Japan.

Takemura declined to confirm whether the G-7 meeting of financial ministers and central bankers will take place ahead of the gatherings of the International Monetary Fund and the World Bank in the Spanish capital, commenting only, "it's possible in view of the custom."

#### **China's Decision Not To Boycott Games Welcomed**

*OW2709044894 Tokyo KYODO in English 0423 GMT  
27 Sep 94*

[Text] Tokyo, Sept. 27 KYODO—Japan on Tuesday [27 September] welcomed China's decision that it will not boycott the Asian Games in Hiroshima over political differences.

"We confirmed China's athletes will take part in the event. This is significant for the holding of the festival in a congenial atmosphere," Chief Cabinet Secretary Kozo Igarashi said at a news conference.

The comment came after Chinese Foreign Minister Qian Qichen assured Japanese Foreign Minister Yohei Kono in New York on Monday that his country will not boycott the Asian Games despite Tokyo's decision to allow a Taiwanese official's entry into Japan.

In the meeting with Kono, however, Qian warned that bilateral relations will be strained unless Japan bars Taiwan's Deputy Prime Minister Hsu Li-te from entering Japan for the Oct. 2-16 games.

Tokyo has taken the position that Hsu is coming to Japan to attend the games and not for political purposes.

Japan dropped its diplomatic ties with Taipei in favor of Beijing in 1972. China views Taiwan as a renegade province and does not recognize it as a sovereign entity.

Igarashi reiterated that Tokyo's policy of attaching importance to relations with Beijing remains intact.

Japan and Taiwan have been limiting contacts mainly to nongovernmental economic and tourism fields.

The Olympic Committee of Asia initially invited Taiwan President Li Teng-hui to attend the Hiroshima Games but later canceled all invitations to "political figures" in the face of China's protests.

#### **GSDF Team Establishes Base Camp in Goma**

*OW2709011294 Tokyo KYODO in English 0034 GMT  
27 Sep 94*

[Text] Goma, Zaire, Sept. 27 KYODO—An advance team of Japan's Ground Self-Defence Force [GSDF] has



set up a base camp beside Goma airport in eastern Zaire, Japanese officials said Monday [26 September].

Twenty Japanese military personnel who arrived in Goma on Sept. 23 are now operating in coordination with other aid agencies and international organizations established in Goma.

On Monday, a self-defense forces (SDF) team toured Goma's water-supply system near Lake Kivu, which supplies the refugee camps, and also inspected the electric power facilities and studied geographical data relating to the Goma area.

The main contingent of 100 SDF personnel are expected to arrive on Oct. 2 and will be based in the former French forces' camp within Goma airport.

In a related development, a third C-130 transport plane for use in ferrying Japanese military personnel and materials as part of aid efforts for Rwandan refugees arrived in Kenya on Monday.

Two C-130 transport planes landed in Kenya on Sunday. All three planes will be based in Nairobi, Japanese officials said.

#### **Tokyo's Mission Plan Unchanged**

*OW2609042994 Tokyo KYODO in English 0359 GMT  
26 Sep 94*

[Text] Tokyo, Sept. 26 KYODO—Japan's plan to deploy peacekeepers around Rwanda remains unchanged despite Sunday's [25 September] rioting in Zaire, Chief Cabinet Secretary Kozo Igarashi said Monday.

"There is no change," the top government spokesman said at a news conference, responding to a question about Tokyo's possible change in the schedule of peacekeepers' deployment following the incident in Goma, eastern Zaire.

Igarashi said the government will study the situation in Goma on Monday afternoon. Igarashi said an advance team of 20 troops from the Self-Defense Forces (SDF) resumed their activities Sunday afternoon after concluding the situation in Goma is stable. The advance team arrived in Goma on Friday to prepare for a mission to help Rwandan refugees.

A contingent of some 400 SDF personnel is to be deployed in Goma until the end of the year to provide medical assistance and clean water and to transport goods to more than 850,000 Rwandan refugees there.

Earlier Monday, a government source also confirmed Japan's peacekeeping activities around Rwanda will be put into practice as originally scheduled. Zairean troops fired on hundreds of civilians rioters in central Goma on Sunday. The riot was sparked by a drunk Zairean soldier who threw a hand grenade into a house and killed two people.

#### **Mission Limited to Three Months**

*OW2509045094 Tokyc KYODO in English 0425 GMT  
25 Sep 94*

[Text] Goma, Zaire, Sept. 25 KYODO—The head of the advance team of Japan's Ground Self-Defense Forces (GSDF) said Saturday [24 September] he told representatives of the Goma office of the UN High Commissioner for Refugees (UNHCR) that the period of the mission's stay to help Rwandan refugees will be limited to about three months.

The 20-member advance team led by Col. Makoto Nasu, arrived in Goma on Friday to prepare for the Rwandan refugee mission.

Col. Nasu told reporters if the SDF troops stay for a long period, it could trigger a misunderstanding that the Japanese peacekeepers support the former Rwandan government army because a number of former Rwandan government troops fled to Goma as refugees.

Nasu said three months are an appropriate term for the Japanese peacekeepers to stay, adding that UN officials should understand this as soon as possible. The UNHCR official\* have asked the Japanese mission to stay for as long as possible, according to Nasu.

The 470 SDF troops are scheduled to continue their mission until the end of this year to assist in setting up medical and vaccination facilities, purification of water supplies and transportation for Rwandan refugees. The deployment of the Japanese team followed a request from the UNHCR.

#### **SDF To Protect Aid Workers**

*OW2609032594 Tokyo KYODO in English 0149 GMT  
26 Sep 94*

[Text] Nairobi, Sept. 25 KYODO—The Japanese Self-Defense Forces (SDF) will provide a safe haven for international aid workers in Goma, Zaire, if their lives are in danger, Japanese Defense Agency chief Tokuichiro Tamazawa said Sunday [25 September].

"If security in Zaire gets worse and aid workers are in danger, they can take refuge at the SDF camps," Tamazawa told reporters after a three-day tour of Goma and Rwanda.

Tamazawa said protection will be offered to all aid workers who are involved in United Nations humanitarian operations in the area. Japan is sending 470 SDF troops and 10 officials on the Rwandan refugee mission. Most of the personnel will be stationed in Goma from Oct. 2.

On Saturday, Tamazawa hinted that the SDF troops stationed in Rwandan refugee camps in Goma may use weapons to protect aid workers and other non-SDF members. But the Defense Agency chief said they will not be sent to a refugee camp located in western Goma where soldiers from the former Rwandan Army are



present. The army is reportedly planning to fight back against the present Tutsi-dominated Rwandan Government.

Tamazawa cited the SDF's neutrality as a reason for not helping the army. Zairean President Mobutu assured Tamazawa on Saturday that his government will maintain security in Goma.

On Sunday in Nairobi, Tamazawa welcomed the arrival of two Air Self-Defense Force (ASDF) transport planes which brought supplies for the Japanese peacekeepers in Goma. Another ASDF transport plane is due to arrive in Nairobi on Monday.

Tamazawa will go to Maputa, Mozambique's capital, Monday to inspect the SDF's participation in UN peacekeeping operations there. He is scheduled to return home Wednesday.

### **Tokyo To Contribute \$200 Million**

*OW2709031794 Tokyo KYODO in English 0152 GMT  
27 Sep 94*

[Text] Tokyo, Sept. 27 KYODO—Japan will contribute 200 million dollars to UN peacekeeping operations in Rwanda and other trouble spots around the globe, government officials said Tuesday [27 September].

They said payment of the money to the UN Headquarters in New York was approved during a cabinet meeting Tuesday morning.

The amount corresponds to Japan's share of 12.45 percent of the regular UN budget, the officials said.

The Japanese Government will use 18.7 billion yen from the discretionary reserve in the current fiscal year's budget to pay for the UN peacekeeping costs.

### **Tax Reform Proposal Defers to U.S. Request**

*942A0729A Tokyo SANKEI SHIMBUN in Japanese  
21 Sep 94 p 11*

[Editorial: "Fear of Fractured Tax Reform: Three-Year Prior Tax Reduction Agreed Upon Out of Concern for United States"]

[Text] On 20 September, the Murayama administration passed its first hurdle since its inauguration when the coalition ruling parties arrived at a formal agreement on tax reform whereby 1) a tax reduction will run for three years to be offset by a consumption tax rate hike in April 1997, and 2) the tax reduction will take the form of a two-tiered system, including a permanent tax reduction based on system changes and a temporary fixed-rate reduction. However, it can be said that three years of advance tax reductions were decided upon out of consideration for U.S. demands and it leaves the increasing fear that it may lead to separate actions on tax increase and tax reduction measures. The agreement contains provisions which neglect many unstable elements and

the ultimate form of the tax cut is unpredictable because it is a far cry from calls for a fundamental tax reform.

On 19 September, U.S. Under Secretary of the Treasury Summers, who was visiting for the Japan-U.S. framework talks, called upon the Liberal Democratic Party member in charge of policy; his first request was an appeal on behalf of the United States for Japan to postpone any tax increases for three years as part of its tax reform package by saying, "The tax cut should be implemented by itself for three years and any future tax increase should not exceed the then existing tax cut," and then adding, "This issue will have an impact on Japan-U.S. relations."

It can be said that the United States appealed directly to Japan because of a growing fear that an earlier hike in the consumption tax would retard the economic recovery which is being propelled mainly by domestic demand and have an adverse impact on the U.S. economy.

In response to the U.S. posture, Finance Minister Masayoshi Takemura, who had exchanged views with Under Secretary of the Treasury Summers on 20 September, explained, "The economy is undergoing a gradual recovery," and sought an understanding of the idea that a two-year tax cut should be sufficient to provide economic stimulus.

However, in the end, a decision was made to go with a three-year tax cut, in view of an conspicuously emerging sensitive reaction within the ruling parties to the strong U.S. request and the need to facilitate understanding by the Social Democratic Party of Japan [SDPJ], which is opposed to a hike in the consumption tax.

However, the problem is that it will be difficult to predict the direction of the economy three years from now in terms of whether it will be in a full-scale recovery phase or in a declining phase. This factor is expected to have an unavoidable impact on the SDPJ, government, and ruling party leaders on the 21st because of an expected rekindling of arguments to postpone a decision on the size of the tax increase. A three-year tax cut in contrast to a two-year tax cut will require the issuance of 5.5 trillion yen of additional deficit-financing bonds, causing another increase in the national debt.

Further, the use of a fixed-rate cut as part of the income tax cut will result in minimizing the tax cut impact attributable to tax system cuts to 3.5 trillion yen and provide only partial relief in the area of progressive tax rates. The pending tax system changes will center on a "department-head level tax reduction" of individuals earning 10.5-14.3 million yen a year, leave unchanged the feeling of heavy taxes for those earning less than 10 million yen a year, and have a degrading effect on the desire to work by individuals in their prime working years.

Further, when the fixed rate tax cut is discontinued, taxes will increase and a concurrent hike in consumption tax rate will impose a double blow on taxpayers.



If the concerned draft legislation is submitted to the special session of the Diet, the government will probably have problems responding when faced with the charge by the former coalition ruling parties of "postponing the assumption of responsibilities" concerning inadequate reform measures, including the two-tiered tax reduction.

#### Further on Issues Related to Tax Reform

##### Saito on Tax Hike

OW2609105294 Tokyo KYODO in English 0936 GMT  
26 Sep 94

[Text] Tokyo, Sept. 26 KYODO—Vice Finance Minister Jiro Saito said Monday [26 September] the government's decision to raise the consumption tax, currently at 3 percent, to 5 percent in three years' time was for the best choice under the present circumstances.

"I think it is the best rate in view of the current situation," Saito said at a press conference. His ministry originally intended to increase the sales-based tax rate to 7 percent but the government decided last Thursday to raise the tax by 2 percentage points in April 1997 as part of comprehensive tax reform due by the year-end.

Saito said remaining tasks include estimation of expenditures for social welfare, administrative and fiscal overhauls and sound fiscal management, saying the government decision includes provisions of review as there are many areas to be reevaluated. Turning to compilation of a draft budget for fiscal 1995 starting next April, Saito stressed the need for efforts to curtail expenditures in every sense amid continued tight revenues.

"We will continue cutting income tax cuts worth 5.5 trillion yen, as well as inheritance tax cuts, and it will be a long time before the consumption tax will be increased," Saito said.

##### Hata on Flexible Opposition

OW2709094194 Tokyo KYODO in English 0857 GMT  
27 Sep 94

[Text] Tokyo, Sept. 27 KYODO—Former Prime Minister Tsutomu Hata hinted Tuesday [27 September] that the main opposition forces will take a flexible stance on the government's tax system reform package in the next extraordinary parliamentary session opening later this week.

"A tax system reform cannot be implemented so often and therefore it should be carried out in a comprehensive manner," Hata said in a lecture. "But we have to compromise in politics."

The main opposition forces, which exclude the Japanese Communist Party, have criticized the tripartite coalition government for insufficiency in its tax system reform package hammered out last week, which will hike the consumption tax from the current 3 percent to a tentative 5 percent.

On the issue of Japan's becoming a permanent member of the UN Security Council, Hata said that Japan is a global power and should have more say in international politics, and play a more active role in international gatherings.

"As Japan has become a big country like this, it should have more say on various issues," Hata said.

Foreign Minister Yohei Kono will voice Tokyo's desire to play a greater international role under constitutional constraints that it cannot undertake any active military role when he addresses the UN General Assembly on Tuesday.

Hata also renewed his call for an early general election once a bill redrawing the electoral map for House of Representatives constituencies wins Diet approval. The bill is expected to become law during the extra Diet session beginning Friday and take effect by the end of the year.

Hata, who heads Shinseito [Japan Renewal Party], a core opposition party, was prime minister for about two months until the end of June this year, when he was replaced by Tomiichi Murayama of the Social Democratic Party [of Japan], Japan's first socialist premier in 47 years.

##### Yamaguchi on Tax Package

OW2309143194 Tokyo NIHON KEIZAI SHIMBUN in  
Japanese 23 Sep 94 Morning Edition p 2

[Text] At a news conference held after the special cabinet meeting on the evening of 22 September, Tsuruo Yamaguchi, director general of the Management and Coordination Agency, commented on the tax reform package. He said: "Since abolishing 3 percent consumption tax was difficult, the Social Democratic Party of Japan [SDPJ], during the last general election campaigns, made an appeal that foodstuff and drinks should have been at least exempted from taxation. Considering this fact, it is extremely regrettable that the SDPJ could not stick to its pledge." He then indicated that the tax reform package centered on the consumption tax hike from the current 3 to 5 percent is a violation of the pledge the SDPJ made to the people.

##### Reform Package 'Devoid' of Goals

OW2609023094 Tokyo NIHON KEIZAI SHIMBUN in  
Japanese 23 Sep 94 Morning Edition p 2

[Editorial: "The Tax Reform Package Is Anachronistic and Devoid of Ideals"]

[Text] At long last, the government and the ruling coalition parties have mapped out a tax reform package, something which has been a hot political issue since last year. What on earth are the goals and ideals of the tax reform package? They cannot be seen at all.



The major reason the tax reform package lacks those goals and ideals is that the government and the ruling coalition parties have decided to cap perpetual tax cuts at approximately 3.5 trillion yen every year after 1995, far below this year's level of 5.5 trillion yen in tax cuts. The government and the ruling coalition parties have also decided to adopt a two-tier tax cut formula which is divided into a fixed tax cut category (approximately 2 trillion yen), under which taxes return to the original level when consumption tax is raised, and a perpetual tax cut category.

The tax reform package, which aims to build a tax system suitable for a society of senior citizens by correcting the ratio of direct and indirect taxes in total tax revenue, is believed to have two goals. One of the two goals is to make fully-fledged cuts in income tax by revamping the progressive tax structure. Other industrialized nations, too, are facing difficulties revamping their progressive tax structure.

For this reason, we must largely relax progressive taxation for people with an annual income of 7-8 million yen by lowering the maximum tax rate (including income tax by 65 percent) and simplifying the current tax rates. With full tax cuts, it is widely thought that perpetual tax cuts would need to be set at 5.5-6 trillion yen, a level equivalent to this year's tax cut.

The new coalition government, however, has hardly debated this point. The ideals of tax reform were abandoned when the mood grew within political parties, especially the Social Democratic Party of Japan [SDPJ], to cap perpetual tax cuts at a low level. The plan for perpetual tax cuts backs away from key points by simply stressing the need to review the current application of tax rate classification.

Another important point of the tax reform package is reform of the consumption tax. The tax reform package will raise the consumption tax and address the defects of consumption tax and the simplified taxation system.

We have asserted that a tax revenue principle be established on the question of raising consumption tax whereby the increase in revenues from the consumption tax rise is used to offset the decrease in revenues from the income tax reduction.

The outline of the tax reform package indicates that consumption tax would be increased to 5 percent despite the fact that perpetual tax cuts amount to only 3.5 trillion yen. The ruling coalition parties have continued to the very end to try to coordinate their views on how to use the increase in the tax revenues, but the conclusion they have drawn is the same as that drawn by the former ruling coalition parties that "tax cuts must come before any consumption tax rise."

The package takes a certain step forward by calling for the abolition of the limit deduction system as one measure to fix the unfair consumption tax system, but this is not enough.

Meanwhile, the ruling coalition parties have decided to handle the consumption tax increase and its enforcement period as a "package" after overriding opposition from the SDPJ and we applaud their decision.

The anachronism of the ruling coalition parties, especially the SDPJ, was striking when they discussed ways to reform the current tax system. The SDPJ opposed to the last plans to indicate the consumption tax percentage increase and its opposition was an expression of its anachronistic existence. Perhaps the SDPJ believes people oppose any increase in consumption tax.

Out of the need to persuade the SDPJ, leaders of the ruling coalition parties have accepted an incoherent welfare policy without holding full debates. This indicates the current coalition government lacks both the qualifications and knowledge to debate seriously how to shape new welfare and fiscal policies. The opposition parties should question the government and the ruling coalition parties on this point at an extraordinary Diet session.

#### **Opposition Parties Name Ozawa Chief Strategist**

*OW2609121494 Tokyo KYODO in English 1152 GMT  
26 Sep 94*

[Text] Tokyo, Sept. 26 KYODO—Seven opposition parties Monday [26 September] chose Shinseito [Japan Renewal Party] Secretary General Ichiro Ozawa as chairman of the Executive Committee for a planned interparty panel, the pre-stage to creating a new broad-based opposition party, officials said Monday [26 September].

The appointment was formalized at a meeting of executives from the seven noncommunist opposition parties—Komeito, Shinseito, Japan New Party (JNP), Democratic Socialist Party, Liberal Party, Koshi Kai and New Party Mirai.

The empowerment of Ozawa preceded the simultaneous establishment of the new party preparatory group and the new parliamentary group "Kaikaku (Reform)" inside the House of Representatives, slated for Wednesday, they said.

The panel's Executive Council will supervise six subcommittees in charge of policy formation, parliamentary maneuverings, organization, election strategy, funding and public relations, they said.

Ozawa told reporters in the Diet building that the new moves "have transformed (the opposition alliance) to something close to a new party."

"When it comes to the issue of parliamentary maneuverings, (the new structure) will enable us to act with the same functions as those which we will have secured when a new party is established," he said.

Political analysts said the new appointment will give additional impetus to the formation of the new bigger



opposition party that was given a boost earlier this month with the by-election victory of an opposition-backed parliamentary candidate in Aichi Prefecture. However, the appointment of Ozawa prompted four anti-Ozawa JNP legislators to declare their resolve to distance themselves from both the new parliamentary group and the new party preparatory group.

The new splinter group, led by JNP legislator Banri Kaieda of the House of Representatives, will not renounce their membership in the JNP, founded by former Prime Minister Morihiro Hosokawa, the four said.

The other three dissidents are Toshiaki Endo, Seishu Makino and Koki Ishii, who are all lower chamber legislators.

#### **Kozo Watanabe on Formation of New-New Party**

*OW2609114094 Tokyo SANKEI SHIMBUN in Japanese 25 Sep 94 Morning Edition p 2*

[Interview with Kozo Watanabe, deputy secretary general of Shinseito, by an unidentified SANKEI SHIMBUN reporter; place and date not given]

[Text] [SANKEI SHIMBUN] Right now, why is there a need for the opposition camp to form a new-new party [shin shinto]?

[Watanabe] In a democracy, there is a need for a force critical of the political regime, and a force capable of replacing that regime. A political force which is critical of the present Liberal Democratic Party [LDP]-Social Democratic Party of Japan [SDPJ] administration, and which is ready to replace this cabinet anytime will give the world and the Japanese people peace of mind.

[SANKEI SHIMBUN] Will you be able to clearly present your policy differences with the Murayama administration?

[Watanabe] For sure, the SDPJ has changed its policy. It is also true that with the end of the 1955 political setup, the ruling and opposition parties have something in common in their view of foreign policy and security; and this is indeed desirable. However, with regard to the issue of permanent membership in the UN Security Council, it was on our account that the government changed its attitude. We advocate responsible politics. Political parties which are unable to get rid of their obsession with the past will not be able to carry out deregulation and economic reform.

[SANKEI SHIMBUN] Is not your group motivated more by a desire to gather numerical strength rather than a policy consensus?

[Watanabe] What we aim at is a conservative middle-of-the-road line. Neo-conservatives and middle-of-the-roads make up the core force, and we intend to embrace even LDP reformists, sensible LDP members, and right wing SDPJ members.

[SANKEI SHIMBUN] When will the new-new party be formed?

[Watanabe] We have been considerate about the position of the Democratic Socialist Party [DSP], which shares Rengo [Japanese Trade Union Confederation] with the SDPJ. Even the DSP now says that this should be done as soon as possible before the end of 1994. We hope to form the new party in October, and convene an inaugural meeting in November, at the latest.

[SANKEI SHIMBUN] How big will the party be?

[Watanabe] We will call upon our sympathizers in the SDPJ and LDP, and we hope to be the number one party controlling more than 200 seats [in the House of Representatives].

[SANKEI SHIMBUN] It seems that Komeito will join the new party in two stages, first the Diet members, and later, the local assembly members.

[Watanabe] While it is best for them to join the new group simultaneously, it is difficult to impose the will of the party's central organs on the local assemblymen regarding the single-seat constituencies. It will take time for politics at the national and local levels to become one.

[SANKEI SHIMBUN] Will the 600 employees of Komeito be a problem?

[Watanabe] We will need local chapters of the new party in the 300 single-seat districts, and each requires five to 10 employees. Komeito and DSP can make up whatever gap that we may have.

[SANKEI SHIMBUN] How would you select your party leader?

[Watanabe] It will be ideal for the leader to be chosen before the new-new party is founded. If after much efforts, we still fail to choose a leader, it is possible to adopt a collective leadership by choosing a chairman from among Shinseito [Japan Renewal Party] leader Tsutomu Hata, Japan New Party leader Morihiro Hosokawa, Komeito Chairman Koshiro Ishida, DSP Chairman Takashi Yonezawa, and former Prime Minister Toshiki Kaifu.

[SANKEI SHIMBUN] Is there a possibility of election by popular vote?

[Watanabe] For instance, there can possibly be an election by party members one year from now. However, since we are a group of 10 parties and groups, a decision based on consultations will be the same as voting. If we simply cannot reach a consensus, it is possible that we will have the Diet members cast their votes.

[SANKEI SHIMBUN] Are you saying there are only five candidates for the party leadership?

[Watanabe] No. There are around 30 such people in our group.



[SANKEI SHIMBUN] There seems to be objections to Shinseito Secretary General Ichiro Ozawa's becoming the secretary general of the new-new party.

[Watanabe] We have not even decided whether to have a secretary general or not. It is wrong to discriminate against Mr. Ozawa.

[SANKEI SHIMBUN] Will the new-new party be able to manage party affairs democratically?

[Watanabe] We are thinking of a new organization which can listen directly to the people's voice.

[SANKEI SHIMBUN] How would you handle the extraordinary Diet session?

[Watanabe] The SDPJ has turned its back completely on its commitments in July 1993. Policies are vital for a political party. The present cabinet misrepresents its policies. It is a matter of course that elections should be held under the new electoral system as soon as possible to seek the people's verdict.

#### \* New Coalition's Lack of Stability Reported

##### \* Prospects for Coalition Viewed

942A0620A Tokyo SEIRON in Japanese Sep 94 pp 122-131

[Article by Taro Yayama, political commentator: "Future of 'Illegitimate' Coalition Government"]

[Text] *The Liberal Democratic Party [LDP] and the Social Democratic Party of Japan [SDPJ], which both adhere to the old interests-oriented type of politics, have united merely on the basis of their thirst for power. However, the "illegitimate" administration has no support from the people. Here is an unrelenting expose of the new administration's true nature.*

#### New Tide Compels LDP-SDPJ Union

With the New Party Sakigake [Harbinger] as the mediator, the SDPJ and the LDP have formed a large illegitimate administration.

The 1955 system represented "dango [collusion] politics" wherein the LDP and SDPJ were ostensibly in opposition, but joined hands beneath the surface. The two parties are also ostensibly united at this time. It is like watching the tricks of a magician out in the open. It is veritably the dango politics of the 1955 system itself. Why did the erstwhile ruling party and the opposition party consolidate? It is because a new force other than the LDP and SDPJ gained prominence and the two parties would be routed from power unless they collaborated. The new force still has not fused into a closely knit coalition. This is because of a divergence of views between the different groups, but the small-district electoral system will probably enable the groups to overcome their differences and to form a closer union. They will be unable to defeat the LDP and SDPJ unless they coalesce

under the small-district system. Faced by this obvious fact, their resentments, emotions, and by-gones have become petty circumstances of the past.

With the U.S.-USSR cold war over, international politics and the international economy are entering a major transitional period.

In international politics, the United Nations has assumed the principal role in maintaining the new world order, replacing the U.S. and Soviet systems that had partitioned the global order. International opinion is rising about the question of whether Japan and Germany should be included as permanent members of the UN Security Council.

Meanwhile, trade liberalization is making remarkable progress in the international economy, and is involving the [former] Soviet republics and China in the wave of the market economy. In the midst of this, Japan's economic system also demands reexamination. Japan's social and economic systems reject reforms due to the collusion between the political, bureaucratic, and industrial circles. The protectionist nature based on regulations is censured internationally, and is imposing a heavy burden on the people's livelihood. The high-yen, low-dollar phenomenon stems from Japan's huge current operating surplus of \$140 billion annually and the cumulative surplus of \$600 billion, in addition to the U.S. current deficit in excess of \$600 billion. The United States must naturally adopt financial reconstruction measures, but Japan on its part must thoroughly implement deregulation and administrative reform, in addition to opening up its market. Without an open market, a higher yen and deindustrialization are inevitable.

The 1955 system is basically a system that adheres to the status quo. The wartime system and the postwar reconstruction system were built under political, bureaucratic, industrial cooperation. These systems were efficient in the sense that insufficient capital was used efficiently and excessive competition was avoided. However, the systems should have been liquidated during the 1970's. Yet, Japan's politics has protected the bureaucratic-civilian cooperation policy. In other words, it protected the vested interests of the industrial circles and moved in a direction of being used by politics as a money source. It was a uniquely Japanese system called the medium-size district electoral system that further enhanced the cozy political, bureaucratic, industrial alliance. Because several candidates from a single party run from the same district under the system, the election does not entail policy competition, but is oriented toward the interests of the local residents. Naturally, factions are formed and election campaigns cost huge sums of money. It resulted in the politicians seeking money from the industries. LDP politics constitutes a grand "politics of industry," so to speak, and the benefits of the consumers were totally ignored in the process.



### **LDP-SDPJ Speculation Rife Concerning Medium-District System**

The reason why the politics of industry, which should inherently have been liquidated 20 years ago, endured was because of the cold war. The people continued to support the option that a corrupt LDP was preferable to socialism. However, with the cold war at an end and the fear of socialism gone, there is no longer any motive to vote for the LDP. This national awareness was graphically illustrated in the July 1993 general election. The LDP won less than a majority of the seats, while the SDPJ's seats dropped by half and a new party force leaped into the lead.

Prior to this, the Japan New Party [JNP] was formed in 1992. It leaped forward in the united regional elections and the upper house election, and thus triggered a "new-party boom." The role of the JNP, which belongs to neither the LDP nor the SDPJ, and which won sufficient seats to form a third force, is significant. The New Party Sakigake [Harbinger] was born in emulation of the JNP, and expanded the power of the new parties. This has been followed by consecutive fallouts from the LDP. The name values of the LDP and the SDPJ became extinct. This signifies the end of an era and the beginning of new politics. The LDP has been unable to reform its corrupt image, while its election strategy remains the same industry politics.

Under the medium-size district electoral system, one could be elected with 60,000 votes if one were satisfied with fifth place. To win 50,000-60,000 votes, it sufficed to organize industrial circles as members of one's support group. A certain politician described the general consumers as "dry sand." It meant that, no matter how one tries to hold the sand, some would always slip between the fingers and could not be counted on. In a small-district system, 100,000 votes must be garnered in a district that is smaller than previous districts. It will be impossible to win without moving the sand. One must appeal to his policy and hold the dry sand. The election mode will also probably change. Under the medium-size district system, one could win despite being corrupt, as long as one's support group remained strong. Such a possibility cannot be expected in a small-district system.

The people's awareness has changed with the end of the cold war. The change is accelerated by electoral system reform. There is a force within the LDP that continues to adhere to the medium-size district system. When the redistricting bill is enacted and the dissemination period ends, the next election will be held under the new system (small-district, parallel-representation system). However, there continues to be a residual desire to hold the election under the old system. The awareness that times have changed or that times must change is found lacking.

Chairman Murayama of the SDPJ is also one who wants to keep the medium-size district system. Following his inauguration as prime minister, he declared: "The next election will be held under the new system," but he must

have privately thought otherwise. The SDPJ, which had 40 candidates and ended up as runnerup in the previous election, apparently calculated that it could have 100 winners under the medium-district system. However, the SDPJ will probably no longer be able to increase its seats despite the medium-district system. Under a small-district system, it will probably suffer a devastating defeat.

The important thing now is to stop the speculation of the pro-tradition factions within the LDP and the SDPJ, and to concentrate on the new system in the next election.

### **LDP Far From Recovering the People's Support**

On the day before the mass resignation of the Hata cabinet (24 June), Prime Minister Hata and Ichiro Ozawa talked privately for more than 10 hours at the Prime Minister's Official Residence. It is reported that Hata stressed cabinet dissolution, while Ozawa emphasized mass resignation in order to avoid the risk of wasting the four political reform-related bills. Why did Hata, who so keenly pursued political reform that he was called "the political reform man," propose a general election? Normally, when issuing a no-confidence vote, the appointment of the next prime minister is the premise. However, the LDP and SDPJ had absolutely no prospect in mind after passing a no-confidence proposal. It is strongly suspected that, in the atmosphere at the time, the LDP and SDPJ wanted to field any candidate following a no-confidence vote and to proceed immediately into a general election. It was really a move to crush political reform. Therefore, Hata indicated his intent by saying that "if it can be done, I want to dissolve the cabinet myself and make an appeal for political reform." However, the JNP and Democratic Socialist Party [DSP] were opposed to dissolution. Also, because it would create a political vacuum, it ended in mass resignation, which was a correct move. Dissolution (of the cabinet) by one's own hand while stating that "dissolution means to crush political reform" would have been difficult for the people to accept.

Although the LDP succeeded in regaining power, does it mean a reinstatement of the LDP? The support rate for the LDP-SDPJ-Sakigake tripartite coalition is barely 30 percent. All of the surveys show that the nonsupport rate exceeds the support rate. Will the Murayama administration gradually win trust and improve its support rate in the future? It is necessary to reflect on the significance of the high support rate of 70-80 percent won by the Hosokawa administration at the outset. The high rate is a value of expectation by the people who were tired of the LDP's long years of dango politics. That expectation must be deemed to be still valid. Although Hosokawa resigned because of questioning concerning financial suspicions, the LDP's tactics that led to it were similar to the SDPJ of bygone days. The method of using the budget as hostage, persisting in holding out and forcing the prime minister into a corner, is a classic method of the 1955 system. Did the people cheer the tactics? They



were probably disgusted at the unchanged methods and lack of awareness of the times. As evidence, Hata had support on the 50-percent level despite his minority cabinet. Today, albeit the LDP and SDPJ have an overwhelmingly stable administration, the people have neither expectations nor peace of mind.

Some sources suggest that the success of the LDP-SDPJ coalition resulted from the failure of Ozawa's strategy. Did it really?

It is a fact that Ozawa sought a conservative-conservative union and did not succeed, but he clearly exposed the nature of the LDP-SDPJ collusion before the people. Consequently, Ozawa probably concludes that it was not a failure this time. Ozawa worked for a conservative-conservative coalition because he sensed the need to congregate a group with similar goals in order to seek a "normal nation" which he proposes in his book, *Blueprint for Building a New Japan* [Nihon kaizo keikaku]. Ozawa had gathered 30-40 rightwingers from the SDPJ and 20 members from the LDP, and attempted to form a group with a "pure" philosophy. If ruling power were his sole aim, it would have been easy to set up Murayama for prime minister as the LDP did. However, learning from the failure of the Hosokawa administration, Ozawa had absolutely no intention of teaming up with the SDPJ. Moreover, he probably never approved of Murayama as prime minister.

When Tsuruo Yamaguchi, budget committee chairman, decided to summon Hosokawa based on a "resolution without dissent," it was Ozawa who demanded a "decision by vote." The reasons for demanding a vote despite the knowledge that he might lose were: 1) it would create a factor for a schism in the SDPJ, and 2) the LDP-SDPJ subterranean collusion would be exposed before the people in a vote. The outcome was literally the advent of an illegitimate LDP-SDPJ administration, and the Ozawa strategy cannot be deemed to be a failure. It should be seen rather as accelerating the restructuring of the political world.

#### Administration Stable Until Yearend?

Although LDP President Yohei Kono (deputy prime minister and foreign minister) and Secretary General Yoshiro Mori boast that "we will make this administration last another three years, until the end of the lower house term," this cabinet will probably end as an election-anaging cabinet until the start of the new election system.

The lower house election redistricting council (Tadao Ishikawa, chairman) says that redistricting into 300 small districts will be "finished by the Bon Festival" in August. In September, an extraordinary Diet session on redistricting will probably be held. It will not be the usual drawn-out Diet deliberations after submission of recommendations. If a single change is allowed, it will cause unmanageable turmoil.

The three coalition parties agreed to "a swift solution by opening an ad hoc Diet session" if redistricting comes up. Prime Minister Murayama also confirmed this at a press conference. Still, there are proposals within both the LDP and SDPJ to bring up the anticorruption law and the political party law, and to prolong deliberations on redistricting. There also appear to be contentions to 'lengthen the dissemination period on the redistricting law for six months. However, if the redistricting bill is enacted, it will establish the new election system. The tactic of opposing redistricting and refusing to deliberate because the political party bill cannot be enacted is not practical and will not succeed. The dissemination period included in the parallel-representation system turned down by the Kaifu administration was three months. If the dissemination period is three months, the new election system will be "complete" by the year's end. Conversely, the opposition cannot submit a no-confidence proposal until then. The reason is that, if it is passed, an election under the current medium-size district system will come up. Consequently, the Murayama administration is guaranteed security until the yearend.

What will happen if redistricting comes up in August? Ozawa and Hosokawa will probably begin to field candidates according to the 300 districts. Actually, the work was already started, but there was a conflict over the number of seats to be allocated to the SDPJ. Whereas Ozawa would recognize only 30-40 rightwing democrats, the SDPJ suspended the talks in seeking retention of its current seats (74). However, with collaboration between the LDP and SDPJ, the new-new party was no longer required to consider the SDPJ's allocation. There appears to be an internal revolt against the Ichi-Ichi [Ichiro Ozawa-Yuichi Ichikawa] line and a struggle over political methods surrounding the new-new party. If redistricting materializes, the foremost task will be to field the parties with the best prospects in the respective districts. There is little chance for victories by the present small groups. Therefore, awareness in congregating under a master umbrella takes priority, and the drawing power of a new-new party should grow stronger. This trend should be particularly noticeable in the cities. Although the JNP showed salient power in the previous election, the reason was that the electorate had tired of the LDP and SDPJ and had great expectations for the new party. The expectations have not basically changed today. If the JNP further improves its image, another new party boom could flare up.

Meanwhile, what about the LDP and SDPJ whose bases are both in the farming regions? The moment redistricting is realized, a turf battle will probably erupt regardless of the dissemination period. Coordination of candidates between the two parties is difficult. Even if the struggle is restrained, coordination by the upper house election next summer will be difficult. In the upper house election five years ago, the SDPJ had 23 wins and three losses in the single-seat districts. While the SDPJ will probably place priority on the incumbents, as long as the LDP does not premise it on a "merger" with the SDPJ,



it cannot afford to recognize the SDPJ seats in toto. In effect, the LDP and the SDPJ can only compete by fielding one candidate each in the single-seat districts. Of course the new-new party will probably field candidates also. In other words, it will become a three-way race between the LDP, SDPJ, and the new-new party. This also applies to the upper house election in the small districts. A torrid LDP-SDPJ race will result in a loosening of the coalition, and an avoidance of competition will benefit the new-new party.

#### **Suspicious About Masayoshi Takemura**

When this writer went to the Hokuriku region the other day to give a lecture before the women's auxiliary of the LDP prefectural federation, he asked whether the women "would sanction the LDP-SDPJ coalition." Out of 150 present, five raised their hands in affirmation. He next asked "whether you would approve of SDPJ candidates recommended as the result of coordination," and none indicated approval. It is safe to conclude that coordination of candidates by the LDP and SDPJ is difficult.

It was Sakigake that led the formation of the LDP-SDPJ coalition. What will happen to Sakigake? Masayoshi Takemura's adeptness in wading through the political morass by staging a series of political change dramas was exceptional. He is called "the next Machiavelli since Takeo Miki" which is probably an understatement.

In July 1993, when he rode the new-party boom and secured 15 seats, he immediately formed an "engagement" with the JNP to create a force of 50 politicians and gave birth to the Hosokawa administration. When he differed with Hosokawa on political methods and directions, and broke off the engagement, he pulled out seven members of the JNP to bolster his own camp to 22 members. However, he could not assume the leadership with 22 followers, so he approached the SDPJ (74 seats) to exchange discussions on the administration, and grabbed the deciding vote between the old coalition parties and the LDP. Although the SDPJ was facing an imminent rightwing-leftwing split, it could not afford to divide if Murayama became prime minister. Meanwhile, whether it was an illegitimate coalition or not, the LDP had bared its desire to recover power. Taking advantage of the situation, the coalition administration was born immediately. After his third election to the lower house, Takemura rose to chief cabinet secretary and finance minister with a speed unparalleled in political circles. One can only marvel at his Machiavellian skill, but one cannot say that it served to improve the image of the Sakigake party.

Suspicious about Masayoshi Takemura have finally surfaced among the general public. During his term as mayor of Yokaichi City, he was supported by both the SDPJ and the Japan Communist Party (JCP), and he belonged to the SDPJ when he was governor of Shiga Prefecture. He was an LDP member in the upper house, but bolted and formed the New Party Sakigake. His

chameleon posture is described by the locals as "not a forerunner, but a momentum stealer."

He was on friendly terms with President Kim Il-song, who died suddenly on 8 July, and was especially befriended by Yi Chang-son (died 1992), chief of the social culture department, which is North Korea's intelligence agency. It was Takemura who actually arranged the Kanemaru-Tanabe delegation's visit to North Korea in 1990, and he also wrote the draft for the traitorous joint declaration. Takemura's activities have been watched by the U.S. CIA and Japan's public welfare authorities. At the Hosokawa-Clinton meeting on 11 February 1994, Prime Minister Hosokawa promised to "take the maximum steps within the framework of the Constitution" on the North Korea issue. In response, President Clinton expressed strong doubts, asking if he "could really do so" when he is embracing a pro-North Korea element "within the administration's core." Immediately on his return home, Hosokawa expressed his intention to restructure the cabinet. His goal was to change the chief cabinet secretary. Takemura joined with Chairman Murayama to strongly oppose it. Murayama also has had deep ties to North Korea and attended Kim Il-song's birthday celebration at the Chosen Soren [General Association of Korean Residents in Japan] on 13 April this year with 14 other SDPJ Dietmen. On 14 April, the day after Hosokawa's resignation, two Chosen Soren members met Takemura and Murayama at the Shinagawa Prince Hotel, and instructions were reportedly received from Pyongyang to "form an anti-Ozawa cabinet." The fact that such a rumor was spread widely throughout the political circles suggests the existence of circumstantial evidence.

Caught in the struggle between the LDP-SDPJ versus the new-new party, future growth of Sakigake cannot be expected. The charter members have their respective bases and will probably win, but it will be difficult for the newcomers. The strategy toward a "moderate multiparty system" proposed by Takemura was premised on facing elections under the new system after expanding its forces in one more election under the medium-size district system. However, political restructuring is moving forward at a speed that exceeds Takemura's plan. The party is destined to be buried between the LDP-SDPJ and the new-new party.

#### **Adherence to Special Interests-Oriented Politics Common in LDP and SDPJ**

Takemura characterized the LDP-SDPJ-Sakigake administration as a "dovish administration." However, now that the cold war has ended, the significance of doves and hawks has disappeared. Takemura probably refers to political methods. The political method used by Hosokawa and Hata is the top-down method, and is undoubtedly alien to Takemura who has stressed the democratic process. It was the Miyazawa cabinet that displayed the type of cumulative proposals under the Policy Research Council leading to agreement in the



Executive Council, with implementation only after approval by the government. Of course, it was a democratic operation, but nothing new was decided. A cabinet contraposed to this method was the Nakasone cabinet. Nakasone called on public opinion for reform of the Japanese National Railways [JNR] and education, created a council, and took the leadership on policy. A successful example is the JNR reform. Prime Minister Hosokawa also formed the Hiraiwa Research Council and the Reform Promotion Headquarters, and used Nakasone-style methods. He may be said to have succeeded in turning politics in the direction of deregulation, administrative reform, and decentralization of power.

The difference between politics and public opinion research is that foresight is demanded of politics. "Democratic methods" may be boiled down to the conduct of politics according to the findings of public opinion research. Still, as long as there is an opposition faction, a decision must be rendered somewhere in politics. A governor may be able to serve in the Minobe style by not building a bridge even if a single person objects to it, but he cannot rule as the leader of a nation. Foresight and decisiveness are required of a politician.

Within a period of only eight months, Hosokawa pushed through rice liberalization, political reform, and tax reduction. They would all have been impossible under popular debate.

Steering national awareness toward "reform" was correct. When high economic growth is no longer feasible and wage raises reach the limit, the only way to enrich the life of the people is to deregulate and eliminate the gap between domestic and foreign commodity prices, in addition to practicing efficient financial management through administrative reform. It also means to remove nontariff barriers and eradicate trade frictions. The LDP of the past was totally incapable of such a direction. THE WASHINGTON POST (30 June) writes of the new third coalition government in an article entitled "LDP-SDPJ Coalition Puts Reform in Jeopardy" as follows.

"The reformist faction has been defeated due to the strange amalgamation of the SDPJ and the LDP. For the past 40 years, the SDPJ and the LDP have adopted completely divergent political positions on numerous issues and, despite their mutual fierce antagonism, they were in common opposition against many reform-oriented proposals. They were alike in their preference for time-honored, rights-oriented politics which gives priority to the vested interests of the smaller companies and farmers."

This view hits the bull's eye. Immediately following its advent, the new administration distributed grants for cargo collection under the pretext of "suppressing rice prices," but in essence raised rice prices by 3.9 percent. When the tariffication to be enacted six years later is considered, it is logical to narrow the gap somewhat

between domestic and foreign rice prices now. It indicates that, regarding decisions on rice prices, it is more difficult for the LDP-SDPJ coalition to promote reform than the era of the LDP's one-party rule.

THE NEW YORK TIMES (30 June) writes as follows concerning the high-yen, low-dollar problem.

"Currency traders feel that, as long as the SDPJ is sharing power with the conservative LDP, there can be no hope for a solution to the talks on U.S.-Japan trade frictions. Consequently, the Clinton administration will be forced into a direction of applying pressure on Japan by lowering the dollar due to its expanding deficit with Japan."

According to this view, the yen will rise higher. Neither the LDP nor the SDPJ has any awareness whatsoever that the high yen and low dollar stem from a problem with the trade structure.

#### **Precariousness of a "Pro-Constitution Cabinet" With Distortions**

Another reason why the new administration calls itself a "dovish faction" is because it wishes to contrast its posture on the Constitution with the hawkish constitutional reform faction.

Yohei Kono, Kiichi Miyazawa, and Masaharu Gotoda are known as pro-constitutionists. However, the LDP clearly mentioned "enactment of an independent constitution" in its platform. Revision of the platform was discussed within the party several times in the past, but the pro-Constitution faction could not defeat the revisionist faction. The pro-Constitution group may be considered as a minority within the party. Yasuhiro Nakasone and Michio Watanabe recently revolted and voted for "Kaifu," but did not leave the party, because they feel they are the LDP's mainstream. Just because Kono heads the pro-Constitution faction does not mean that the entire LDP has become protector of the Constitution.

On the other hand, although the SDPJ has for many years been split into the rightwing and leftwing, its members have agreed on the issue of protecting the Constitution. However, the SDPJ's reasoning about protection of the Constitution was that it is better for the Soviet Union (or China) to alienate itself from the West and maintain neutrality. The idea was that it is easier to achieve a socialist revolution with disarmament by removing the "armies of the West." The fatherland of the socialists was the communist sphere. However, as a result of the disintegration of the Soviet Union and China's embarkation on a path toward a market economy, the only real socialist nations today are North Korea and Cuba. The endless nostalgia toward North Korea held by the SDPJ leftwing is a residue of the collapsed ideology. From this standpoint, the SDPJ refused to recognize both the security treaty and the Self-Defense Forces [SDF]. Immediately after assuming



office, Prime Minister Murayama phoned President Clinton to promise continuity in diplomatic and defense relations, and also vowed to maintain the security pact at the U.S.-Japan summit meeting in Naples. Also, in his general policy speech at the Diet on 18 July, he promised to uphold the security treaty. However, the SDPJ has never publicly stated to date that it would change its policy of abrogation of the treaty and the unconstitutionality of the SDF. Prime Minister Murayama's speech and behavior are absolutely unprincipled. He is either fooling Clinton or fooling the SDPJ members.

To begin with, the SDPJ itself was an illegitimate united party of pro-constitutionists and revisionists. The pro-Constitution alliance—a mere portion of the LDP, the pro-North Korea SDPJ left wing, and Sakigake—is like watching a strange chemical reaction. It is nothing more than a “major illegitimate liaison.” THE LONDON TIMES writes as follows. “The conservative party's minimum principle is not to join hands with the socialists. The LDP has deviated from this party standard. It is an insult to the electorate.”

It is correct for Ichiro Ozawa, who has adopted a direction toward a “normal nation” to try to attract the SDPJ right wing and the LDP advocates of an independent Constitution, and to amend the philosophical distortions of the LDP and SDPJ.

Although the new coalition cabinet's mottos are “protect the Constitution” and “a dovish faction,” there are dissenters with different ideas within the SDPJ, LDP, and Sakigake. Perhaps these elements are in the majority. The reason why they do not raise their voices to protest the violation of their philosophy and creed is probably because of their thirst for power. The LDP was able to maintain ruling power for many years because the thirst for power prevented members from bolting the party.

The recent “great illegitimate coalition” was made possible by the thirst for power. As long as they had ruling power, it did not matter who became prime minister. Consequently, they sent a man to Naples who was not fit to be prime minister. There is a saying: “Becoming ill is also a part of one's ability.” This writer, who has lived in such circles, has absolutely no sympathy for Murayama. He became ill because he was sent with neither ability nor opinions. It is considered to be highly detrimental to the national interests.

What will become of North Korea without President Kim Il-song? The world is watching with bated breath. What will happen if North Korea returns to isolationism and seriously engages in nuclear development? If UN economic sanctions are imposed, the contradictions within Japan's Government will probably erupt. Murayama of the pro-North Korea faction, Kono, and Takemura will undoubtedly announce a dovish line and neglect solidarity with the United States and South Korea, and U.S.-Japan relations will turn sour at that point. At a time when Russia and China possess nuclear

arms and North Korea seeks to emulate them, what will happen if Japan loses the U.S. nuclear umbrella?

The coalition administration has agreed to “carefully study (Japan's) entry as a permanent member of the UN Security Council.” There is a sense that, “if Japan should mention ‘entry,’ it will be compelled to make military contributions. This is indeed a concept of the cold war era. During the cold war, the world was at peace due to the U.S.-Soviet balance of power, with Japan required to do nothing. That balance of power has disintegrated. Japan must contribute its share toward the maintenance of world peace. It is necessary to recognize that it is the only way for Japan to be rescued by other nations in an emergency.

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#### \* Hurdles Facing Coalition Noted

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[Article by Hiroshi Kumata, political journalist]

[Text] Leaders of the LDP, SDPJ, and Sakigake Agree on ‘Anti-Ozawa’

It has been extraordinarily hot this summer. Immediately after the start of the Tomiichi Murayama administration, the first government headed by a Social Democratic Party of Japan [SDPJ] chairman in 47 years, the rainy season ended abruptly and the sweltering mid-summer season arrived earlier than usual. It is a coalition administration of the “disparate” SDPJ and Liberal Democratic Party [LDP] (and the Sakigake [Harbinger] Party), which was undreamed of under the 1955 system. It seems as if the weather were in tune with this extraordinary event in the political world.

It is natural for summers to be hot. However, the Murayama administration can only be described as unnatural when one considers the way the “LDP-SDPJ coalition government” was formed.

The criticism of “an illegitimate union” by the former coalition parties was expected. The reason is that it has been the conventional wisdom that there is a 180-degree difference in the ideas and policies of the SDPJ and the LDP. Since they have formed an alliance, it is no wonder that they are said to have formed “an illegitimate union” based on “thirst for power.”

The LDP suffered as an opposition party for the first time, a period which lasted nearly a year, and it desperately desired to regain power. During this period, the



SDPJ was the ruling party for eight months and thrived on the experience. It was Sakigake that brought the two parties together, hoping to hold the deciding vote in political restructuring.

The Hata administration attempted to bring the SDPJ back into the fold by rearranging policy deliberations but failed, resulting in the mass resignation of the cabinet. Consequently, the LDP, SDPJ and Sakigake united and surprised everyone by springing Murayama as the prime minister. Forming the backdrop was their dislike for Ichiro Ozawa, secretary general of Shinseito [Japan Renewal Party], which led the previous administration. (Ozawa has announced his intention to resign as secretary general in taking the blame for the change in government.)

There is criticism within the SDPJ against Ozawa's steamroller tactics, and there is undeniably an aspect of an "illegitimate" administration which resulted from a shared "dislike of Ozawa" between LDP President Yohei Kono and Sakigake representative Masayoshi Takemura.

Masaharu Gotoda, former deputy prime minister, refutes the "illegitimate" charge, saying: "It is not an 'illegitimate' union at all, but the first step of a new change. It will not be short-lived."

Gotoda is frank about the birth of the Murayama administration, when he says: "At first I too was confused. No wonder it is difficult for the people to understand." However, he emphasizes that "it was proof of the total collapse of the 1955 system." Gotoda says that the LDP and the SDPJ are not what they were under the 1955 system. He says that, if the SDPJ changes, the LDP will also change, and the Murayama administration of the "SDPJ-LDP-Sakigake coalition" is beginning a new era.

Current public opinion about the Murayama administration may be considered to be divided into: 1) anxiety about the "LDP-SDPJ coalition," and 2) expectations toward what Gotoda called "change."

Aside from the expectations toward "change," a view actually exists that the Murayama administration may be in for an unexpectedly long haul.

The view apparently stems from the prime minister's popularity with such attributes as "his long eyebrows which evoke friendly sentiments," "the first prime minister who hails from Oita Prefecture" and "our friend Ton-chan." He is a "premier of the masses" who is likened to the late Kakuei Tanaka (who was acclaimed as the "present-day Taiko" [Toyotomi Hideyoshi]).

Murayama was born the fifth son among 10 children of a small fisherman in a small fishing village overlooking Beppu Bay. He lost his father when he was 14 years old and suffered privation as a boy helping his mother peddle fish.

He is a poor and "good-natured old man" typically seen in any countryside. As a politician, he has a habit of saying: "I love nature the best." He is the same person inside and out, and his honesty has wide popular appeal.

However, the merits and shortcomings of the Murayama administration cannot be judged merely on the basis of Murayama's character as prime minister. His political acumen as premier is unknown, and there are numerous questions at the moment. Also, many serious hurdles must be cleared away, such as the "irrationality of the LDP-SDPJ coalition government" and the nature of the SDPJ which has still not matured as a ruling party.

#### **Rengo Fractured by Birth of Murayama Administration**

"We recognize the legitimacy of the Murayama administration," remarked U.S. Ambassador Mondale in Japan to Prime Minister Murayama. However, he did perceive the advent of the new administration with surprise.

The expression "recognize the legitimacy" is normally used when a government is overturned by a coup d'etat and other nations recognize the new administration. The express use of the phrase suggests the surprise of the U.S. Government about the completely unexpected "appearance of a socialist administration" in Japan.

What kind of policies will be adopted by the Murayama administration in union with the LDP, a party with a different doctrine and policies from the SDPJ? Of course the Japanese people are more anxious than the U.S. Government. The low support rate for the new administration compared with the Hosokawa and Hata administrations proves this.

Regarding his low support rate, Murayama says: "The only way is up, and I look forward to it." He does not seem to be bothered at all. The prime minister, who describes the new cabinet as "a social democratic liberal dovish cabinet," is even optimistic about the LDP-SDPJ-Sakigake coalition cabinet when he says: "Although each party has its distinct qualities, it is better not to discuss the differences in doctrines. There is not much difference in actual coping, and there can be agreement."

He probably wishes to set aside the doctrines and stress coping with individual and concrete problems. However, "doctrine" is obviously most important for a political party. Unless it is clear, the people cannot grasp the "face" of the Murayama administration.

The doctrines of the SDPJ and LDP are clearly different. The major point is that the SDPJ is for "protection of the Constitution," and the LDP is for "revision of the Constitution." Certainly, both parties are characterized by a broad range of opinion among their respective members. There are Diet members within the SDPJ who are "revisionists," "pro-Constitution" members, represented by President Kono, within the LDP.



Prime Minister Murayama's base is the SDPJ left wing, which supports the Constitution, while LDP President Kono (deputy prime minister and foreign minister) represents the doves within the party. Murayama's description of the new cabinet as a "social democratic liberal/dovish cabinet" is based on an extremely simple concept.

Nonetheless, it is strange for the SDPJ and LDP with exactly opposite doctrines such as "pro-Constitution" and "constitutional reform" to form a coalition. Because the SDPJ and LDP are "like water and oil," the people cannot understand, regardless of the rhetoric.

Although the SDPJ and LDP emphasize "the beginning of a new era," it is a prerequisite necessity for the two parties which retain their different doctrines to respectively split up and become more clear-cut.

In the election to nominate the prime minister after the Hata cabinet's mass resignation, there were opponents from both parties who repudiated their party directions. However, the revolters were merely dealt light punishment. A desire among the executives to avoid fracturing the parties was evident.

Within the SDPJ, the activities of the rightwing reformist "democrats" as the largest policymaking group in the party suddenly lost vitality with the advent of the Murayama administration. The "democrats" persisted in opposing the "SDPJ-LDP coalition" and urged solidarity with the former coalition parties including Shinseito and Komeito. However, it has lost its goal for the time being with the formation of the new administration. Moreover, despite being the largest Dietmen's group, it was affected by not placing a single candidate in the newly formed cabinet.

The SDPJ reformist faction, which was keenly bent on political restructuring, can be fully expected to slow down its reformist activities due to these circumstances.

A centripetal force is working within the SDPJ with its chairman assuming the premiership. Conversely, Rengo [Japan Trade Union Confederation] has been buffeted by the "SDPJ-LDP coalition."

Rengo, which is a congregation of trade unions supporting the SDPJ and the Democratic Socialist Party [DSP] became fractured due to the SDPJ's departure from the Hata administration, and it strongly urged the SDPJ's return to the coalition. With the unexpected "LDP-SDPJ coalition," internal division went from bad to worse.

Rengo embarked on a "free and unbiased" policy vis-a-vis the Murayama administration. However, the "Yuei-kai" consisting of trade unions supporting the DSP criticized it as "a return to power by the LDP which is regrettable." More serious was the splintering among the pro-SDPJ trade unions into the critical, supportive and fence-sitting factions.

The Japan Metal Machine Workers Union [Kinzoku kikai] and the Confederation of Private Railway Workers of Japan [Shitetsu soren] make up the active support faction. The All Japan Prefectural and Municipal Workers Unions [Jichiro] and the Japan Teachers Unions [Nikkyoso] belong to the passive support faction, while the critical faction consists of the Federation of Electrical Machine Workers Unions [Denki rengo], the Japan Postal Workers Union [Zentei], and the Federation of Telecommunications Workers Unions [Zendentsu]. At this rate, the regional federations which are juggling around the candidates for the upper house election next year will conceivably be forced to abandon coordination, and Rengo faces the greatest crisis since its formation in 1989.

Akira Yamagishi, Rengo chairman and an SDPJ member, probably wishes sentimentally to support Prime Minister Murayama, but as Rengo chairman he stresses that "we must not allow the LDP's return to power." Partly because Murayama suggested bringing the DSP into the cabinet, he would like to work for reinstatement of both the SDPJ and the DSP.

However, the DSP is moving to form a new party with the Japan New Party as the first stage of the new-new party including Shinseito and Komeito. Therefore, repairing relations with the SDPJ and DSP is extremely difficult.

Consequently, criticism is expected to mount within Rengo against Chairman Yamagishi, who tends to lean excessively toward politics. In effect, Rengo will be obliged to deal with the Murayama administration on the basis of policy.

Regarding policy, the Murayama administration calls for "continuity in foreign policy and domestic politics reform." Like the Hosokawa administration which succeeded the LDP administrations in terms of foreign policy and security, and like the Hata administration which succeeded it, the Murayama administration stresses continuity in foreign policy.

#### **Murayama "Color" Shown With "Kind Politics" as Motto**

Prime Minister Murayama, who attended the Naples summit soon after the advent of the new administration, voluntarily explained his background at the U.S.-Japan meeting with President Clinton which preceded the summit conference. As the reason for joining the SDPJ, he reportedly stressed his sympathy for freedom and democracy in his self-introduction. He is said to have frankly professed that he was not a "rigid socialist," and sought understanding of the fact.

After his talk with the prime minister, President Clinton said: "I had a very good meeting with the prime minister, and the problems were solved." However, he did not forget to point out that "not only words, but also practice is important."



While expressing satisfaction with the prime minister's clear statement on the continuity of foreign policy and maintenance of the U.S.-Japan security pact when he said that "U.S.-Japan relations are the most important," President Clinton stated firmly that, "unless we see concrete policy implementation in the future, anxiety about the Murayama administration cannot be removed."

Whether the Murayama administration will be able to remove the anxiety from within and without will depend on how it implements concrete policy with an outlook toward the 21st century, without postponing pending issues.

In the prime minister's keynote address in the first ad hoc Diet session convened after the advent of the administration on 18 July, Prime Minister Murayama clarified his intention to pursue "a kind nation rather than a strong nation," "politics that is kind to the people," and "politics that provides peace of mind" as the new administration's doctrine. He also refuted the criticism of "an illegitimate coalition" by stressing that "this cabinet was born as a new system that transcends the existing framework" and that "what is demanded is politics that reflects the diverse views of the people and secures policy implementation."

Prime Minister Murayama, whose motto is "kind politics," is strongly conscious of the "strong politics" represented by Ichiro Ozawa of Shinseito. He probably benefited from the wisdom of LDP President Yohei Kono (deputy prime minister and foreign minister) and Masayoshi Takemura (Sakigake representative and finance minister).

As seen in such liberal statements as "politics with its axis in the sentiments of the people" and "I hope to uphold the basis of democracy by debating and seeking agreement in an open forum before the people," Murayama's trait is politics with his eye on the masses.

As far as his words are concerned, no one has any problem. Everyone hopes for "kindness" and "peace of mind." However, politics is not words. Only by policy implementation can the people seriously accept his words.

As a followup of his statement at the U.S.-Japan summit meeting, the prime minister also declared his firm intention to uphold the U.S.-Japan security treaty in his keynote address. This is natural when expressing continuity of foreign policy. He also said the following about the Self-Defense Forces [SDF]: "We will persist in defense for defense's sake, review its direction based on changes in the international situation, and work to build the necessary minimum defense power."

In this connection, General Secretary Wataru Kubo indicated his intention to begin reexamination of a change from the party's view on the SDF that "its existence is unconstitutional" toward a direction that "it

is constitutional." Kubo's opinion is that "today when Chairman Murayama has assumed the position of premier and commander-in-chief of the SDF, he cannot fulfill his responsibility by saying that the SDF is 'unconstitutional' or that 'it cannot be considered as 'constitutional.'"

The SDF says that it will try to finish its work of reexamination by the opening of the ad hoc convention on 3 September, and include other key policies such as atomic power generation and energy. If the party is able to formally decide the SDF's "constitutionality," it will be epochal. It will be the greatest achievement since the advent of the new administration.

The general secretary's statement renders it impossible to backtrack, but can he bring the party members around? The hurdle is high. The failure of any rightwing Dietman of the SDPJ to be named to the Murayama cabinet indicates that the leftwing force has been resuscitated within the party. Kubo who belongs to the rightwing will probably use the advent of the administration to demand that the leftwing switch to a realistic policy.

However, can Murayama, whose base is the leftwing, persuade the leftwing? The ad hoc party convention will surely fall into turmoil. The prime minister's leadership as chairman will be put to a test.

During a dinner party immediately after the opening of the Naples summit, Prime Minister Murayama fell ill and was rushed to a hospital in Naples, thereby missing such official events as the meeting of the summit leaders. It is unusual for a head of state to be hospitalized in an emergency during an important conference like a summit meeting. It was said to be "acute gastroenteritis" or "food poisoning." It was satirically parodied as "occupational poisoning" [shoku atari] by the press.

The "truth" is that the prime minister without any diplomatic experience fell ill because of the tension in mingling with the G-7 leaders. In other words, assuming the responsible "position" of "prime minister," which he had never dreamed of, caused him to become ill. This does not seem to be far from the truth.

He left the hospital and returned to his hotel where he felt better after a Japanese meal of rice gruel, miso soup, and pickled vegetables. However, his lack of diplomatic experience and leadership continues to bring anxiety for the future.

Anyone can see that the administration is buttressed by the LDP as the foremost party. Judging from the chief posts in the new cabinet occupied by LDP members including the foreign minister and the MITI minister, it is not an overstatement to describe it as a "quasi-LDP cabinet."

Although the producers' rice prices have been frozen, the addition of incentive funds to the farmers forecast a resurrection of the LDP "zoku" Dietmen.



### Can Reform Take Place With the Murayama Cabinet's Retreat Posture?

Despite Prime Minister Murayama's motto of "reform of domestic politics," there is still deep opposition against the small district system within both the LDP and the SDPJ, which makes political reform the major pending task. The question is inevitable as to whether progress can be made in "reform" as proposed by the prime minister.

In his keynote address, the prime minister stated regarding reform of the lower house election system that, in order to carry out a general election under the new small district/parallel representation system, he "will submit a redistricting bill to the Diet post haste." It is a major retreat, given the fact that the Hata administration promised to "exert every effort toward enactment." It clearly reflects the atmosphere within the LDP and SDPJ.

Political reform which was inherited from the LDP administrations constitutes a major task equal to tax system reform. Moreover, a majority of the people's consensus has been won, and it is only a step away from realizing the reform. If it should fail due to party interests and strategy or the interests of individual Diet members, there will probably never be a second chance for reform.

Prime Minister Murayama has a heavy responsibility.

Regarding tax reform also, the Murayama administration has toned down compared to the Hata administration.

The prime minister promises to "press for comprehensive debate on tax system reform including a tax reduction after the next fiscal year, and to work to realize tax reform within the year with the people's understanding." The Hata regime had promised "completion of a draft bill in June" and "realization of tax reform within the year."

Moreover, the SDPJ, LDP, and Sakigake had promised "to do our utmost for realization within the year," but the term "utmost" had disappeared from the prime minister's speech.

Furthermore, he did not refer at all to the handling of the consumption tax.

It appears that the Murayama administration will separate tax reduction from tax increase, and plans to raise tax cut resources by first pushing through administrative reform. Be that as it may, was it not the SDPJ which had strongly opposed administrative reform?

Administrative reform includes the problem of integration and abolition of government agencies. It is also questionable as to how far Prime Minister Murayama, who is backed by the All Japan Prefectural & Municipal Workers Union, can push administrative reform.

Politics cannot be conducted by "kindness" alone. Politics is sometimes accompanied by "pain." Unless "pain" is accepted as "pain," and the people's understanding is sought, reform cannot be realized.

The problem of raising the consumption tax is simultaneously a problem of the people's burden in becoming an aging society. Will the debt be pushed on to future generations by putting off the pending issues? Or will an attempt be made for the realization of a drastic tax system reform based on a long-term viewpoint? Now is the time for decisive judgment.

Today, every kind of reform is demanded of Japan. Whether to push for reform or to retreat from reform depends on the Murayama administration. Is it fortunate or unfortunate that Japan's fate depends on the "LDP-SDPJ coalition" administration? The answer will come soon.

### Upper House Members Set Up New Political Party

OW2209111094 Tokyo KYODO in English 1045 GMT  
22 Sep 94

[Text] Tokyo, Sept. 22 KYODO—Five House of Councillors members belonging to an upper house group set up a new political party called the Shinto Goken Liberal on Thursday [22 September]. The new party, comprised of those who quit or were expelled from the ruling Social Democratic Party (SDP), named Hideo Den as its chairman and Masao Kunihiro as its vice chairman, party officials said.

Members changed the name of the parliamentary group from Goken Liberal No Kai to the same name as the party. Also, newly elected upper house member Yuzuru Tsuzuki joined the parliamentary bloc Shin Ryokufu Kai. Tsuzuki won the upper house by-election in Aichi Prefecture, central Japan, on Sept. 11.

### Keidanren To Examine NTT Partitioning

942A0728A Tokyo MAINICHI SHIMBUN in Japanese  
16 Sep 94 p 3

[Text] A decision has been made by industry to resume debate on the management structure of Nippon Telegraph and Telephone (NTT), including steps to split it into smaller companies, a topic which has been put on hold for five years since 1990.

The Telecommunications Policy Subcommittee of Keidanren's Information-Telecommunications Committee (chaired by Vice President Toshio Miki, Nippon Steel) formed a working group in the fall of 1993 which has studied actions to be taken in the multimedia age and the integration of telecommunications and broadcasting, and has decided to begin a discussion on the management structure of NTT starting next month.

The working group plans to conduct hearings on NTT, which is not a member of the group, and to inspect U.S. telecommunications operations.



In March 1990, the Telecommunications Council, an advisory organ of the Ministry of Posts and Telecommunications [MPT], submitted a report titled, "Complete Separation of Long-Distance Telecommunications Operations From Local Telecommunications Operations" covering the topic of NTT's management structure and the MPT decided upon a government policy to split NTT.

However, aside from resistance from NTT, the Ministry of Finance assumed a clear-cut position opposing any split on grounds of protecting shareholder interests. As a result, in the face of such objections, the topic was placed on hold under a decision to "freeze the issue for five years and to make a decision in fiscal year 1995."

Subsequently, NTT took measures to avoid a rekindling of arguments for splitting the company by adopting operating efficiencies such as introducing and maximizing an operating division system, establishing a separate cellular telecommunications subsidiary, and effecting personnel cuts.

However, the MPT has assumed the position that "there is a need for fair and effective competition in the telecommunications industry." It appears there has been no change to MPT's "real intentions" which call for splitting NTT into smaller companies."

**MITI on New Method of Calculating Power Rates**  
*OW2709114494 Tokyo KYODO in English 1018 GMT 27 Sep 94*

[Text] Tokyo, Sept. 27 KYODO—The Trade Ministry will begin studying a new method for calculating rates on electricity supplied by local authorities and companies to nine electric power giants, ministry officials said Tuesday [27 September].

A task team on the issue will be established Wednesday under the Electricity Utility Industry Council, an advisory panel to the minister of international trade and industry, the officials said.

The council plans to compile a report by late November on concrete deregulatory proposals, including the new calculation method, and the ministry intends to submit a revision package at an ordinary Diet session next year.

The move is based on a report issued by the council in June calling for substantial deregulation in the electricity industry. The task team will study such methods as fixing rates through biddings with upper limits by the nine electric power companies.

Local authorities sell spare power generated at their waste incineration facilities, and so do such companies as steel and chemical makers for power generated during their production process. The nine electric power companies buy the spare power for resale to their customers. The team will also discuss a new method for calculating fees for using power distribution facilities when selling electricity to a faraway power company via a nearby one.

The scope of the supply of electricity by generators other than the nine giants will also be reviewed.

**Article Examines Impact of 'Project Iridium'**

*942A0726A Tokyo NIHON KEIZAI SHIMBUN in Japanese 21 Sep 94 p 11*

[Text] Motorola's "Project Iridium" implies the potential of revising the competitive situation in the current international telecommunications market. Although there are technical and rate structure issues that must be cleared up, there is no mistaking that the project will develop into a competitive force threatening other international telecommunications firms such as Kokusai Denshin Denwa (KDD).

Project Iridium will demonstrate its potential when it deploys its international telecommunications services in regions such as China and Russia, where telecommunications infrastructure has not been fully established. Project Iridium incorporates the use of cellular telephones throughout the world and enables the placing of calls from anywhere at any time, thus qualifying it to create rapid, massive new demand for telephone services in areas yet to be exploited by telecommunications firms of the respective nations.

The Iridium Company visualizes a basic monthly fee of \$50 and a call rate of \$3 a minute. KDD's regular weekday daytime call rate for three minutes is 670 yen for calls to the United States and 1010 yen for calls to Britain. It is said that there is a strong possibility that, from certain geographical regions, it will be cheaper to make calls via Iridium compared to making the same call via KDD.

Currently, the telecommunications industry in Japan is divided into domestic and international sectors and the latter sector is handled by three firms, including KDD. Project Iridium is of a nature that fundamentally alters controls of this type, and the launching of international telecommunications services by Iridium will promote significant intra-industry competition.

According to KDD officials "Intersatellite communications in space is technically difficult and may turn out to be nothing more than a dream." KDD always provides this standard response upon mention of Project Iridium, but such a response is also a manifestation of a feeling of a threat posed by Project Iridium.

In reality, KDD has signed up to participate in "Project 21," which is sponsored by the International Marine Satellite Telecommunications Organization (INMAR-SAT) and which visualizes the launching of 12 satellites into medium orbit and the initiation of a worldwide cellular telephone service by the year 2000. INMARSAT is an international agency originally conceived as an international satellite marine communications system, but it will enter into the land-based cellular telephone service on a full-scale basis via Project 21. Reportedly,



U.S. Comsat and British Telecom (BT) will participate in the project and plan on forming an operating company by the end of the year.

Among operating projects visualized such as Project 21, which are similar to Project Iridium, are "Project Globalstar" and "Project Odessa" which were originally conceived by U.S. private-sector firms, but according to many industry sources, "competition will focus primarily between Project Iridium and INMARSAT." Reportedly, Project Iridium is in the lead because of the steady pace of investments made in the project by firms from various countries.

### North Korea

#### IAEA, U.S. Attempt To 'Pressure' North

*SK2609145894 Pyongyang Korean Central  
Broadcasting Network in Korean 1224 GMT 26 Sep 94*

[Commentary by Kim Ho-sam: "No Pressure Against Us Can Ever Be Allowed"]

[Text] International dishonest forces have attempted once again to put unreasonable pressure on us. As has been reported, the 38th session of the General Conference of the International Atomic Energy Agency [IAEA] took place some time ago and again adopted an unreasonable resolution under the pretext of the nuclear inspections, thus picking a quarrel with us.

In the resolution, the agency urged us to fully implement the Nuclear Safeguards Accords, demanding that the DPRK allow access to all information and sites related to safeguards. During the September meeting of the Board of Governors, which took place before the agency's regular session of the General Conference, the director general of the agency raised the issue of the special inspection. In addition, in his closing speech the chairman of the meeting made an appeal to the DPRK to completely implement the safeguard accords.

We cannot but regard this as an open attempt by some dishonest forces of the IAEA—who are in collusion with the imperialists—to lay obstacles to the progress in the DPRK-U.S. talks and to drive our country's situation back to the starting point of confrontation, raising its head up [morilul chodulgo] once again.

Furthermore, we cannot but take a serious view of the agency's adoption of the reasonable resolution and remarks because they coincide with the United States deploying an aircraft carrier flotilla in the East Sea [Sea of Japan].

In his news conference held in Tokyo on 22 September, the newly-appointed U.S. Pacific Fleet commander said that the United States deployed the aircraft carrier flotilla in the East Sea because it believes it would greatly affect diplomacy. His remarks are not worth consideration.

In short, IAEA dishonest forces and U.S. hard-line conservatives have attempted to surely reach another goal by breaking our Republic's spirit with their diplomatic pressure and military threat to us.

Amidst the interest of people throughout the world, the second series of meetings of the third round of the DPRK-U.S. talks have been taking place in Geneva since 23 September. During the first meeting of the third round of the DPRK-U.S. talks in August, the two sides agreed on some issues regarding the nuclear issue on the Korean peninsula. During this second set of meetings, concrete and businesslike steps regarding the agreed issue will be discussed.

The fair public opinion of the world hopes that the talks will be held substantially so that an epoch-making progress can be made in the fundamental resolution of the nuclear issue on the Korean peninsula.

Right at this time, the IAEA's insidious forces and the hard-line conservative forces of the United States are trying to enforce diplomatic and military pressure and threat against us. The purpose for this lies nowhere else.

Through such useless nonsense, they are trying to suppress us and obtain more concessions at the second session of the third round of DPRK-U.S. talks, so that ultimately it is to find fault against us and, furthermore, it is to crush [apsal] our socialist system. Here lies the wicked and treacherous attempt of the IAEA's insidious forces that conspired with the hard-line conservative forces of the United States. However, they are seriously miscalculating.

As the world officially recognizes, our Republic is a fair and square independent state which regards independence as its life. To think that such a country will yield to someone's diplomatic and military pressure, is a foolish fantasy, just like a silly talk.

For the IAEA to once again talk about the complete implementation of the safeguards accord and so on and demanding to allow access to all information and sites related to the safeguards, are an utterly unreasonable measure trying to violate the sovereign rights of our Republic and security. Such unreasonable demands by the IAEA will be resolutely rejected whenever and whatever the case, without fail.

As everyone knows, we are now in a unique status after a temporary suspension of the effectuation of our declared withdrawal from the Non-Proliferation Treaty. Also, we have withdrawn from the IAEA due to its unreasonable sanctions. Therefore, it is self-evident that we are not obliged to recognize or implement any resolution of the IAEA.

Nevertheless, the IAEA is saying to us that we must implement the resolution and so on. This is indeed an act below the level of common sense on the basic rules of international law.

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If the IAEA is, both in name and reality, to fulfill its mission as an international organization, it must not apply the double standard of member countries and observe fairness in accordance with the original mission of the IAEA in carrying out its activities. This is the primary rule and demand of international law. If this is carried out, the IAEA will receive trust and will be able to perform its function.

The IAEA has no justification to thrust itself into resolving the nuclear issue on the Korean peninsula. The nuclear issue on the Korean peninsula is through and through an issue that must be resolved through dialogue by the DPRK and the United States and it will be carried out as such.

The IAEA should do what it has to do and it will be good if it does not interfere in our work.

### Spokesman Replies to U.S. Defense Secretary

SK2709045094 *Pyongyang Korean Central Broadcasting Network in Korean 0310 GMT 27 Sep 94*

[Press statement by a spokesman for the DPRK Ministry of People's Armed Forces on 27 September—read by announcer]

[Text] In connection with the recent military threat by conservative U.S. forces with regard to the DPRK-U.S. talks in Geneva, a spokesman for the DPRK Ministry of People's Armed Forces released the following press statement today.

Press statement by a spokesman for the DPRK Ministry of People's Armed Forces.

Conservative forces in the military recently made ill-boding movements with regard to the DPRK-U.S. talks in Geneva. Afloat in waters surrounding the Korean peninsula, the flotillas of aircraft carriers Kittyhawk and Independence, are posing an unprecedented military threat to us.

Timed to coincide with this, U.S. Defense Secretary Perry openly raved that the United States would threaten to use military forces against North Korea if no agreement were reached in the negotiations to resolve the nuclear issue.

We cannot help but pay due attention to such reckless and provocative [mumohago tobalchogin] remarks and acts by high-ranking officials of the U.S. military. Hidden in them is a dangerous attempt to deliberately break up [uidojoguro patansikigo] the DPRK-U.S. talks and crush our Republic with force of arms [uri kongh-wagugul muryoguro apsal haryonun] by using such a breakup as an excuse.

Offering one's hand while hiding daggers in one's pocket is a stereotypical trick of warmongers. Their so-called diplomacy is based on a violent doctrine in which

strength determines diplomacy [kudurui oegyoranun kotto yoksi himui yonjangiranun pongnyokchogin gyorie gichohagoitta].

The course of the DPRK-U.S. talks in the past proves this.

From the beginning, the United States has looked for a chance to eat [mogobol] us by building up the aggressive forces in South Korea on a large scale behind the curtain of talks [hoedamui maktwieso].

Worse still, the U.S. military authority has recently brought in a flotilla of large aircraft carriers on an unprecedented scale around our country to perpetrate militarily threatening commotions. This can be said to be an extremely dangerous act [kukhui wihom chonmanhan haengwiga annilsuopta].

This is tantamount to an open declaration of a showdown of strength [himui taegyol], discarding their hypocrisy of resolving the nuclear issue through talks to which the United States has adhered to now.

Since the United States is headed for a showdown of force of arms, we cannot stick only to the talks indefinitely [migugi muryok taegyollo naogo innun isang urido onjekajina hoedameman maedallyo isulsuopta].

Our People's Army never expected anything from talks accompanied by pressure. Our People's Army, which has the mission of protecting the country's sovereignty, can never allow any attempt to open up the military facilities through special inspections. We do not recognize such talks at all [urinun kurohan hoedam chacherul injonghaji annunda].

It is our People's Army's mission to protect the socialist fatherland with guns, not with words.

The conservative forces in the U.S. military should not forget the humiliating lesson of the fifties. If they attempt to recklessly set fire on the Korean peninsula once again, they will have to pay a dear price of blood.

We will keenly watch every movement of the U.S. military warmaniacs.

### KCNA Views Reaction to Remarks

SK2709075994 *Pyongyang KCNA in English 0408 GMT 27 Sep 94*

["Korean People's Army Pins No Hope on Dialogue Accompanied by Pressure: Spokesman for Ministry of the People's Army Forces"—KCNA headline]

[Text] Pyongyang, September 27 (KCNA)—A spokesman for the Ministry of the People's Armed Forces of the DPRK published the following statement today:

The moves of the conservative forces within the U.S. military are assuming ill-boding dimensions over the current DPRK-U.S. talks in Geneva.



Now flotillas of the U.S. aircraft carriers "Kitty Hawk" and "Independence" are floating in the waters around the Korean peninsula, presenting military threats to the DPRK. This is something unprecedented.

Timing to coincide with this, the U.S. Defense Secretary, William Perry, openly declared that in case the negotiations for a solution to the nuclear issue ended up in an impasse, the U.S. would threaten North Korea with the use of military forces.

We cannot but pay due attention to these reckless and provocative words and deeds of the high-placed U.S. military quarters.

Lurking behind this is obviously the dangerous scheme to intentionally break up the DPRK-U.S. talks and, under this pretext, crush our republic with the force of arms.

It is a habitual method of the bellicose elements to offer a handshake with a dagger hidden under their coats.

Their diplomacy is also based on the violent doctrine that it is an extension of strength.

This is proved by the talks between the DPRK and the United States hitherto.

Behind the curtain of talks, the United States has all along watched for a chance to swallow up the DPRK, while extensively reinforcing its aggression forces in South Korea.

Moreover, it is a very dangerous act that the U.S. military authorities are now presenting blatant military threats to the DPRK with the largest ever aircraft carrier flotillas deployed in the surroundings of Korea.

This means that the United States has openly declared a showdown of strength, throwing off the veil of "a negotiated solution to the nuclear issue."

Now that the United States is seeking a military showdown, we cannot stick to talks indefinitely.

Our People's Army pins no hope on any dialogue accompanied by pressure.

Our People's Army on the mission of defending the sovereignty of the country will never allow any attempt to have our military sites opened through "special inspections".

We do not recognize such dialogue itself.

The mission of our People's Army is to defend the socialist motherland not by words, but with rifles.

The conservative forces in the U.S. military must not forget the disgraceful lesson of the 1950s.

If they rashly unleash another war on the Korean peninsula, they will pay dearly for it with blood.

We will sharply watch every move of the bellicose elements in the U.S. military.

### **U.S. Urged To Withdraw Carriers, Stop Exercise**

*SK2709144294 Pyongyang Korean Central*

*Broadcasting Network in Korean 1223 GMT 27 Sep 94*

[Commentary by Kim Ho-sam: "Dialogue and Military Threat Cannot Be Consistent With Each Other"]

[Text] The U.S. hard-line conservative forces are disturbing [hoebangul nolgo] DPRK-U.S. talks by laying artificial obstacles. As has been known, the second session of the third round of DPRK-U.S. talks is being held in Geneva.

Concrete working steps to reach final points [chongchak-sondure todalhagi wihan] for a solution to the nuclear problem on the Korean peninsula, which were agreed on during the first session, are to be discussed at the current talks, thus attracting the attention of people at home and abroad.

If the DPRK and the United States turn up in the current talks with a sincere attitude by showing generosity, the talks will be fruitful [kyolsil innun] and their result will give joy to our people and the people of the world.

In order for the two sides to make the talks productive, they should refrain from disturbing the progress of the talks or from spoiling the atmosphere, and furthermore, they should stop making remarks and carrying out acts that present a threat to the other side.

This is a basic attitude in coming to the talks. Nevertheless, remarks and acts that are quite contrary to this have been recently made within the U.S. military.

Timed to coincide with the beginning of the talks, U.S. Defense Secretary Perry on 23 September officially declared that taking a resolute position against us is necessary according to the development of the DPRK-U.S. talks.

Following his provocative remarks, flotillas of U.S. carriers Kitty Hawk and Independence; three cruisers; one frigate; and two supply ships, were deployed in the East Sea [Sea of Japan] of our country. Concerning this, the commander of the U.S. Pacific Fleet raved that this deployment is designed to support DPRK-U.S. talks with strength.

In addition to such menacing remarks by the U.S. Defense Department official and head of the U.S. Pacific Fleet, the United States is continuously waging military exercises on the Korean peninsula that irritate us.

The United States staged a large-scale joint aerial war exercise for a northward aggression in the East Sea and West Sea of Korea on 23 and 24 September. This is an actual example. This exercise was designed for a joint aerial surprise attack on us, and staged with the aerial command airplane and refueling plane mobilized.

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The United States also staged a joint military exercise with Japan over many days from 19 September, on the eve of talks, thus irritating us.

Such reckless moves of U.S. hard-line conservative forces plainly reveal their insidious intention to gain concessions inside the negotiation room by pressuring us outside the negotiation room. As shown by the course of the DPRK-U.S. dialogue in the past, dialogue and military threat can never be compatible.

Dialogue means literal dialogue between the two parties concerned. No result can be expected with efforts of any one side alone. Both parties should bear sincere attitudes. It is the miscalculation of miscalculations if the United States intends to obtain concessions from us by threatening us with strength. Our position on dialogue is clear and consistent. In other words, our Republic's position and people's character is to answer dialogue with dialogue, and strength with strength.

It is truly a foolish behavior if the United States intends to arrogantly repeat in our country the swollen-headed case of making a show of power in the Caribbean Sea in Central America. If the United States takes such a risk, the United States will pay an enormous price [omchongnan taega]. Since the United States is headed for a showdown of force of arms, we cannot stick to only the talks indefinitely [migugi muryok taegyollo naogo innun isang urido onjekajina hoedameman maedallyo isulsuopsumnida]. Our people and the People's Army will never allow any attempt to open military sites through special inspections [tukpyol sachail].

As declared by a spokesman of our country's Foreign Ministry, our Republic takes a position to solve the problems through fair dialogue [kongjonghan tachwa], but if U.S. military hard-line conservative forces take a position of confrontation to the end, we have no intention of continuing the talks while receiving military threats. If the United States continues to impose military threats on us, we cannot but call off the temporary freeze of nuclear activities—a measure we had taken for the talks—and take the path to carry out normal and peaceful nuclear activities. The U.S. hard-line conservative forces will be fully responsible for this.

The United States should not do anything that lays obstacles to the talks. Future development of the situation fully depends on the United States. The U.S. hard-line conservative forces should look straight at whom they are dealing with and ponder prudently. Trying to gain anything from us with military threat is a worthless attempt like trying to move with a hand a thousand-year-old rock deeply rooted in stratum.

The United States should immediately withdraw all the aircraft carriers it deployed to the East Sea of our country and stop reckless war exercises. This will be beneficial to the United States, too.

### **U.S.-ROK Joint Military Activity Reported**

*SK2709054994 Pyongyang KCNA in English 0450  
GMT 27 Sep 94*

["Never-Ceasing Joint War Exercises Against North"—KCNA headline]

[Text] Pyongyang, September 27 (KCNA)—Overseas-based fighter planes of different types and fighter planes belonging to the U.S. Airforce present in South Korea and the puppet airforce, more than 600 in all, on September 23 and 24 staged large-scale joint air war exercises against the North in the East Sea and West Sea of Korea, timing to coincide with the appearance of a U.S. carrier flotilla in the East Sea, according to military sources.

On September 23 and 24, 105 mm artillery groups of the puppet army deployed in Naepo-ri of Paju County, Hapsu-ri of Yonchon County and Yangji-ri of Chorwon County, South Korean Kangwon Province, fired more than 720 shells into different forefront areas. On the 24th, armed bandits of the puppet army took combat positions on hills adjacent to the Demilitarized Zone in Inje and Yonchon Counties and fired more than 2,000 large-calibre machine-gun and automatic rifle bullets at random, getting on the nerves of the North.

### **ROK 'Provocations,' U.S. 'Pressure' Alleged**

*SK2709105294 Pyongyang KCNA in English 1034  
GMT 27 Sep 94*

["Repeated Military Provocations in DMZ"—KCNA headline]

[Text] Pyongyang, September 27 (KCNA)—The South Korean puppets installed 90-mm recoilless guns and 12.7-mm machine guns at an MP [military police] post south of Sakyong-ri, Chorwon County, and large-caliber machine guns at a position in the Demilitarized Zone (DMZ) southeast of Kwijon-ri, Changpung County, before taking a firing posture at civilian police posts of the North side on September 24, military sources said.

Some 150 puppet bandits armed with machine guns and automatic rifles went about inciting a horrible war atmosphere in the southern portion of the DMZ in Chorwon County, South Korean Kangwon Province and Yonchon County on September 25 and 26.

We cannot but take a serious view of these provocations perpetrated by the South Korean puppets in broad daylight, as they coincide with the undisguised military pressure of the U.S. imperialist warmaniacs. If the Kim Yong-sam fascist group continues to drive the situation in the Korean peninsula to confrontation and tensions, it will never evade a deserved punishment.

### **'Antireunification Acts' of ROK Denounced**

*SK2409100694 Pyongyang KCNA in English 1001  
GMT 24 Sep 94*

[Text] Pyongyang, September 24 (KCNA)—World public figures denounced the anti-national, anti-reunification acts of the South Korean authorities to put



brakes on the improvement of the relations between the Democratic People's Republic of Korea and the United States.

D.P. Maheshwari, chairman of the Indian Federation for World Cooperation and Cultural Relations, in a recent statement said that if the South Korean authorities truly want peace and reunification of Korea, they must immediately stop the foolish attempts at barring the progress of the DPRK-USA talks, scrap such fascist laws as the "National Security Law" and release unwarrantably arrested patriots at once.

Amaral Matos [spelling of name as received], first secretary of the Maputo City Committee of the Mozambique Liberation Front Party, in a statement on September 6 said that the South Korean authorities must not obstruct the DPRK-USA talks but stop their nuclear development at once and apologize for this.

The Zimbabwe-Korea Solidarity and Friendship Association in a warning to the South Korean authorities on September 5 asked if they had the face to talk about "nuclear suspicion" against the DPRK, having stockpiled about ten tons of plutonium for the development of their own nuclear weapons already long ago.

We strongly demand that the South Korean authorities come to their senses before it is too late, immediately stop putting brakes on the DPRK-USA talks and commit no more anti-national, anti-reunification perfidy, the warning said.

### **ROK Article 'Lesson of McCarthyism' Noted**

*SK2409043794 Pyongyang KCNA in English 0406 GMT 24 Sep 94*

["Lesson of McCarthyism"—KCNA headline]

[Text] Pyongyang, September 23 (KCNA)—The South Korean magazine MAL in its September issue carried an article titled "Lesson of McCarthyism" written by Prof. Yi Yong-hui of Hanyang University accusing the Kim Yong-sam group of resorting to anti-communist violence, while agitating "redphobia."

The article says:

In the 1950s U.S. Republican Senator Joseph R. McCarthy drove the U.S. society into convulsions and hysterics by contending that hundreds of communists and their sympathizers were lying low at key posts of the U.S. Government organs and communists were dominating all the domains of the U.S. society. This McCarthyism is now being revived in South Korea.

When the tension between the United States and North Korea on the point of crash over the nuclear issue eventually turned to the stage of reconciliation and solution and the people's hope for North-South reconciliation ran high, the senseless and illogical acts of the conservative groups with vested rights to stall it culminated in violence.

Noting that the only prescription of the conservative forces is the agitation of "redphobia," the article continues:

The abnormal and illogical violence with CHOSON ILBO and WOLGAN CHOSON as its mouthpieces has slain the intellectuals out of its favor one after another.

The quarters of vested rights that follow hysteric anti-communism and the idea of the Cold War which Yi Pu-yong, "an assemblyman," termed "McCarthyism of South Korean version" at last established "the new security-oriented rule" firing a volley at students, professors, workers and intellectuals by setting in-motion the "state" power that protects them. They also raised terrific outcries, alleging that scores of soldiers related to the "chuche idea faction" were trying to "destroy the order and commanding system of the ROK Army."

Those with sense brand all these acts as "McCarthyism of South Korean version." The ultra-right anti-communism of McCarthyism is approaching its doom.

### **Amnesty International Views South's Human Rights**

*SK2409112294 Pyongyang KCNA in English 1005 GMT 24 Sep 94*

[Text] Pyongyang, September 24 (KCNA)—O Wan-ho, general secretary of the South Korean branch of the Amnesty International, branded the Kim Yong-sam "regime" as "a 'civilian government' without human rights reforms", according to the South Korean newspaper HANGYORE SINMUN.

He said that although the Kim Yong-sam "regime" is vociferating about "human rights reforms", there has been no reform.

He recalled that the Amnesty International in its annual report in July drew attention to the fact that more than 280 political prisoners including prisoners of conscience were kept in custody and tortures and harsh acts were committed in South Korea.

Pointing out that the Kim Yong-sam "regime" has no general human rights body which other governments have, he urged the South Korean "regime" to set up a general human rights body for rectifying the human rights problem and shape a human rights policy and strive to prevent each of the people from being a target of human rights infringement.

He also demanded that the present "regime" restore the rights of the victims of human rights violation and boldly revise the laws which have been used for human rights violation.

### **South Bar Association on Compensation From Japan**

*SK2409101694 Pyongyang KCNA in English 1007 GMT 24 Sep 94*

[Text] Pyongyang, September 24 (KCNA)—The South Korean Bar Association made public a statement concerning the question of post-war settlement of compensation by Japan, according to a South Korean newspaper report.



The statement demanded that the Japanese Government admit the crimes committed by the Japanese imperialists against the Korean people in the past, apologize and compensate for them, punish the war criminals and revise the distorted history textbooks.

#### **Party, Government Delegation Leaves for PRC**

*SK2709103894 Pyongyang KCNA in English 1028 GMT 27 Sep 94*

[Text] Pyongyang, September 27 (KCNA)—A party and government delegation of the Democratic People's Republic of Korea headed by Yi Chong-ok, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-president, left Pyongyang today to participate in the celebrations of the 45th anniversary of the founding of the People's Republic of China.

#### **Arrives in Beijing, Greeted**

*SK2709145294 Pyongyang Korean Central Broadcasting Network in Korean 1303 GMT 27 Sep 94*

[Text] A party and government delegation of the DPRK headed by Comrade Yi Chong-ok, member of the Political Bureau of the Workers Party of Korea Central Committee and vice president, arrived in Beijing today by airplane. At the airport, the delegation was greeted by Zhu Shanqing, deputy head of the International Liaison Department of the Central Committee of the Communist Party of China; Dai Bingguo, vice foreign minister; officials concerned; Chu Chang-chun, our country's ambassador to China, and members of the staff of the embassy.

#### **Secretary Kim Ki-nam Meets PRC Daily Delegates**

*SK2509005594 Pyongyang KCNA in English 1509 GMT 24 Sep 94*

[Text] Pyongyang, September 24 (KCNA)—Kim Ki-nam, secretary of the Central Committee of the Workers' Party of Korea, today met and had a friendly talk with the visiting delegation of the Chinese PEOPLE'S DAILY [RENMIN RIBAO] led by Deputy Editor-in-Chief Wu Chunte [spelling of name as received].

Present on the occasion were Deputy Editor-in-Chief of NODONG SINMUN Kang Tok-so and Chinese Ambassador to Korea Qiao Zonghuai.

The head of the delegation told Kim Ki-nam:

"During our stay in Korea, we were greatly moved by the sight of the Korean people deeply mourning the death of the great leader President Kim Il-song with warm respect and reverence for him.

"President Kim Il-song was the great leader of the Korean people and a close friend of the Chinese people.

"He devotedly fought for the Korean revolution and communism.

"His august name, therefore, will shine long in the history of the communist movement.

"Today the Korean people are vigorously working, closely united around Comrade Kim Chong-il.

"We wish the Korean people greater success in the revolution and construction.

"We hope that the reunification of the country, the supreme desire of the Korean people, will be achieved at an early date.

"We sincerely wish Comrade Kim Chong-il a long life in good health."

#### **Chinese, European Delegations Arrive in Pyongyang**

*SK2409053794 Pyongyang KCNA in English 0448 GMT 24 Sep 94*

[Text] Pyongyang, September 24 (KCNA)—A delegation of the Jilin Provincial Committee of the Communist Party of China headed by Deputy Secretary Zhang Yueqi and a delegation of Beijing Foreign Studies University headed by President Wang Fuxiang arrived here today.

Keith Bennett, councillor of the European Society for the Study of the Chuche Idea, also arrived here today.

#### **PRC Provincial Delegation Departs Pyongyang**

*SK2709022494 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 24 Sep 94*

[Text] The delegation of the Jilin Provincial people's government of China headed by its Vice Governor Quan Zhezhu left Pyongyang by train on 24 September.

Cho Won-myong, vice chairman of the state External Economic Affairs Commission and chairman of the Korean Committee for the Promotion of International Trade; Sin An-pang, vice chairman of the Pyongyang Municipal Administrative and Economic Committee; and counselor of the Chinese Embassy in our country saw the delegation off at the station.

#### **Japanese Nuclear 'Maneuvers,' Armament Denounced**

*SK2709114394 Pyongyang Korean Central Broadcasting Network in Korean 0248 GMT 27 Sep 94*

["Dialogue" between station reporters Chong Song-kang and Yi In-chun: "The Japanese Reactionaries Who Are Running Amok in Maneuvers for Nuclear Armament"]

[Text] [Yi] Today, the Japanese nuclear armament is entering a dangerous stage, seriously threatening peace and security in the Asian region, including the Korean peninsula. Let us discuss this issue today, shall we?



[Chong] The Japanese reactionaries are running amok in ambitious maneuvers for nuclear armament more and more these days. Advocating the three nonnuclear principles, they have raved that Japan will never possess nuclear weapons. The fact, however, is that they are pushing ahead treacherously with nuclear armament with a policy of completing nuclear armament, pursuing a horrible nuclear ambition.

The Japanese maneuvers for nuclear armament are manifest, above all, from their stockpiling of the enormous quantities of plutonium necessary for the production of nuclear weapons. Japan extracts nuclear fuel from which they can produce 50 nuclear bombs on their own each year. At the same time, they are importing and stockpiling enormous amounts of plutonium.

As has been known, Japan has now stockpiled 26 tons of plutonium, which is enough to produce over 3,000 atomic bombs of the type the United States dropped in Nagasaki, Japan during World War II. Japan is pushing ahead with a large-scale plutonium utility plan for possessing about 120 tons of plutonium by the year 2010 so that they can produce enormous quantities of nuclear weapons in the future. They are accelerating the stockpiling, hiding as much as 70 kg of plutonium. In fact, Japan can produce nuclear weapons immediately if it chooses to do so.

[Yi] The peace-loving people of the world are much worried by that. As you know, the 10 September issue of the Russian paper IZVESTIYA exposed the Japanese speedy pursuit to become a major nuclear power. It may be worthwhile to look at the contents of the paper's article now.

The paper said: The experts have noted over the years that the scientists of the Japanese atomic energy sector are accelerating a secret development, and the purpose of it is to prepare the country to join the nuclear club. Japan is already operating some 40 reactors, and Japan ranks the third in the world in the total capacity of nuclear reactors, next to the United States and France.

What worries the international experts most is that Japan is considering developing a fast-breeder reactor. The experts noted that the distinctive feature of this reactor is to use plutonium as fuel and that in the process of operating the reactor, the quantity of plutonium breeds.

[Chong] The paper also noted that Japan is stockpiling enormous amounts of plutonium and, moreover, Japan is stockpiling foreign-made plutonium in quantities many times of what it has produced locally. At the same time, the paper noted the revelation of the 70 kg plutonium hidden in a Japanese nuclear complex. The paper then called attention to the fact that Monju, the first large-scale fast-breeder reactor in Japan, began operations, and exposed that Japan has fostered the potential for the production of nuclear weapons in the similar reactors in several nuclear complexes, adding that the

Tokaimura reprocessing plant will become the final [word indistinct] for the production of nuclear weapons in the technological processes. The paper then stated that Japan will be able to produce nuclear bombs in one month from now from the plutonium made available there if it chooses to do so.

This proves how frenziedly the Japanese rightist reactionaries are engaged in nuclear armament and what dangerous stage the Japanese nuclear armament has reached.

[Yi] The Japanese maneuvers for nuclear armament is also seen in its acceleration of the production of nuclear weapons on its own according to its policy of local production of new-model modern weapons.

The Japanese reactionaries organized a technological group for the production of nuclear weapons long ago and has engaged in extensive research, thus fostering vast potential for the defense industry. Investing enormous funds, Japan actively pushed ahead with the local production of missiles, and now Japan produces and fills 70 percent of its demand for missiles.

There are some 150 firms playing the major role in the nuclear armament in Japan, with 3,300 plants, employing tens of thousands of scientists and technicians. The facts and figures are ill-boding.

[Chong] As the entire world admits, Japan has reached a world standard in the development of nuclear technology and long-range nuclear delivery vehicle. According to reports, Japan shifted its policy from the production of short-range missiles to the production of long-range missiles. Last spring, Japan developed and test-fired a long-range delivery rocket H-2, capable of firing nuclear bombs to any place it chooses. According to British Defense Ministry experts, Japan produces very complicated equipment, such as nuclear bomb detonators. This shows that the Japanese rightist reactionaries' nuclear armament maneuvers have reached a grave stage.

Facts prove that the very force threatening peace and security in Asia is Japan. If the Japanese reactionaries continue sticking to the reckless nuclear armament maneuvers ignoring the consistent demands of the Japanese people and the world's peace-loving people, they will suffer a more miserable humiliating defeat than the one it suffered in 1945.

This is a stern warning of the times and history. Therefore, the Japanese rightist reactionaries should act with discretion if they do not want to suffer the fate of humiliating ruin and destruction again before the world.

#### **Japan's Self-Defense Forces Moves Criticized**

SK2609083794 *Pyongyang Korean Central Broadcasting Network in Korean 1220 GMT 23 Sep 94*

[Commentary by Kim Ho-sam: "Japanese Reactionaries' Ambition for Overseas Aggression Is Boundless"]



[Text] The Japanese reactionaries' ambition for aggression overseas is growing further toward a reckless stage. According to a report, the Defense Research Institute under the Japan Defense Agency released an article entitled "Study on Defense" in its annual report for 1993. A high-ranking official of the Maritime Self-Defense Force of Japan, who is the writer of the article, stated that Japan's sea defense area should cover a wider area than that of the former Greater East Asia Co-prosperity Sphere. In other words, he insisted that Japan should defend the vast area which corresponds to the entire Asian continent and half of the west Pacific.

This shows how greatly bosses of the Self-Defense Forces of Japan are covetous of the vast Asia and the Pacific region for the realization of their wild ambition for overseas aggression, and, therefore, we should pay serious attention to this.

As everyone knows, Asia is the largest region of the world in terms of territory and population and has numerous material and human resources. Rich underground resources and the labor force in this region, as well as its economy, which is rapidly developing in recent years, are drawing the world's attention. A publication in a Western country writes that the 21st century is the era of Asia and the Pacific. Marking out the huge economic potential in this region Japan has stopped at nothing to place this region under its influence.

At one time in the past Japan insisted on the defense of the maritime transport routes within 5,000 miles from the Japanese islands and attempted to place all countries within these routes under its domination. Today, however, insisting that it should assume responsibility for the whole area of the west and north Pacific, Japan is desperately attempting to place not only the Pacific, but also the whole Asian continent and the Indian Ocean under its influence. This is tantamount to an act of attempting to play a role as police or as international military police in the vast Asia/Pacific region. In a bid to realize these purposes, Japan not only has renounced to its three nonnuclear principles and three principles in arms export, but has also changed its military strategy exclusively for defense into a strategy for preemptive attack, while insisting that Japan should take this strategy for preemptive attack as the basic principle of its national strategy. Along with this, Japan not only has increased the attacking capability of the military equipment of the Self-Defense Forces in conformity with the strategy for preemptive attack, but has also developed its military equipment so that it can cope with a prolonged war. Japan has also concentrated greater efforts on strengthening intelligence function for military operations overseas.

An example of this is that the Japanese reactionaries have concentrated great efforts in developing a military reconnaissance satellite in recent years by investing huge amounts of money in this. Accordingly, the Self-Defense Forces of Japan's military equipment and its intelligence

collection capability have reached a world's level, and its fire power has increased scores of times and surpassed by far that of the former Japanese Imperial Army. Based on such preparations, the Japanese reactionaries are now attempting to dominate a wider area than at the time of its Greater East Asia Co-Prosperity Sphere.

In a bid to realize these wild ambition, the Japanese reactionaries have frequently waged military exercises. The joint military exercise that the Maritime Self-Defense Force of Japan conducted on the west coast of Japan, beginning on 19 September, together with the U.S. Forces, is also one of the military exercises designed to dominate Asia, including our country.

Indeed, Japan is rapidly growing as the very dangerous forces of aggression in Asia and the Pacific and the root of evil threatening and destroying peace and security in this region. Disaster cannot be avoided without checking and frustrating Japan's growing expansionist ambition. This has become a reality for the Asian people today.

What we cannot overlook in the document of aggression released recently by the Defense Agency of Japan is that the Japanese reactionaries plan to wage UN peace-keeping activities with the mission of conducting sea blockade operations in an emergency on the Korean peninsula. This vividly reveals the Japanese reactionaries' heinous intention to actively cope with a new war provocation in Korea, making it as an established fact.

As is known well, insisting that in case a war breaks out on the Korean peninsula, they will not look on it with folded arms, the Japanese reactionary rulers have been openly clamoring that they will have to do something as the party concerned [tangsaja] with it. The Japanese reactionaries' remarks that Japan will wage UN peace-keeping activities with the mission of conducting sea blockade operations in an emergency on the Korean peninsula are synonymous with the remarks that they will wage military actions under the signboard of keeping peace.

In fact, Japan has been conducting military actions in other countries under a camouflaged peace signboard. Japan, which has emerged as a dangerous aggression force today, is attempting to dominate the world again by repeating the past history stained with blood. However, its dirty ambition will never be realized. Japan's attempt for overseas aggression is tantamount to an act of jumping from the frying pan to the fire. Japan should find a due lesson from its miserable defeat in the past and should not act recklessly.

**Japan's Plan To Deploy Forces in Africa Decried**  
*SK2609072994 Pyongyang KCNA in English 0558*  
*GMT 26 Sep 94*

[“Expression of Militarist Attitude”—KCNA headline]

[Text] Pyongyang, September 26 (KCNA)—The dispatch of the Japan “Self-Defence Forces” (SDF) to

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Kenya and Zaire is part of the scheme to create an atmosphere for military advance overseas at home and abroad, test and increase the overseas operation capacity of the "SDF" and lay a springboard for overseas aggression, says NODONG SINMUN today.

The advance group of the "SDF" to be dispatched to Kenya and Zaire for "Peacekeeping Operations" and "rescue of refugees" arrived in Kenya recently. Hundreds of troops of ground and air forces will be hurled into this region.

The news analyst says:

This is a measure for the escalation of Japan's troop dispatch overseas and a new dangerous step for military aggrandizement overseas.

With the collapse of the balance of forces in the international arena, the Japanese militarists are overtly seeking military advance overseas with a flowery "peace ballad" such as "cooperation in UN Peacekeeping Operations."

Their ultimate objective is to become a military power and nuclear power, act an "international gendarme" and "world police" and establish the sphere of its influence and domination all over the world.

They are now scheming to legitimate their military activities and armed intervention overseas on the basis of overseas dispatch of the "SDF" and "Peacekeeping Operations." Herein lies the danger of the escalation of the overseas troop dispatch of the Japanese reactionaries.

They must discard the outdated militarist mode of thinking and stop the overseas dispatch of troops.

### **Russian Vice Minister of Foreign Affairs Visits**

#### **Meets With Kim Yong-sam 23 Sep**

*SK2309151494 Pyongyang KCNA in English 1508 GMT 23 Sep 94*

[Text] Pyongyang, September 23 (KCNA)—Kim Yong-nam, vice-premier and foreign minister, on September 23 met and had a friendly conversation with A.N. Panov, vice-minister of foreign affairs of the Russian Federation and special envoy of the Russian president, and his party.

Present there were Yi In-kyu, vice-minister of foreign affairs, and Yuriy Fadeyev, Russian ambassador to Korea.

#### **Visits Mangyongdae, Other Sites**

*SK2709021094 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 23 Sep 94*

[Text] [Aleksandr] Panov, special envoy of the president of the Russian Federation and deputy foreign minister, and his entourage visited Mangyongdae on 23 September. The guests, who visited the old Mangyongdae

home, listened to the immortal revolutionary history of the great leader Kim Il-song and his revolutionary family and looked attentively at the relics preserved with greatest care. They posed for photographs commemorating their visit to the old Mangyongdae home. After this, the guests looked around historic revolutionary sites on the Mangyongbong. The special envoy said that, through his visit to Mangyongdae, he came to know why the Korean people call this place their home of heart.

The special envoy and his entourage also visited the Arch of Triumph, the Fatherland Liberation War Exhibition Hall, the Mangyongdae Palace for Students and Children, and the Tomb of King Tongmyong.

#### **Brings Gift for Kim Chong-il**

*SK2409111894 Pyongyang KCNA in English 1023 GMT 24 Sep 94*

[Text] Pyongyang, September 24 (KCNA)—Comrade Kim Chong-il, the dear leader of our party and our people, received a gift from Russian Vice Foreign Minister A.N. Panov, who is visiting Korea as a special envoy of the Russian president.

The gift was handed to Vice-Premier and Foreign Minister Kim Yong-nam.

#### **Departs Pyongyang on 24 Sep**

*SK2709021894 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 24 Sep 94*

[Text] [Aleksandr] Panov, special envoy of the president of the Russian Federation and deputy foreign minister, and his entourage left Pyongyang by plane on 24 September. Vice Foreign Minister Yi In-kyu and Yuriy Fadeyev, ambassador of the Russian Federation to our country, saw off the special envoy and his entourage at the airport.

#### **Kim Yong-nam Sends Message to Ukrainian Minister**

*SK2409103394 Pyongyang KCNA in English 1015 GMT 24 Sep 94*

[Text] Pyongyang, September 24 (KCNA)—Foreign Minister Kim Yong-nam sent a message of greeting to G.I. Udovenko upon his appointment as foreign minister of Ukraine.

The message expressed the belief that the friendly and cooperative relations between the two countries would continue to strengthen and develop and wished the Ukrainian foreign minister success in his responsible work.

#### **Senior Officials Meet Outgoing Romanian Envoy**

*SK2609154194 Pyongyang KCNA in English 1516 GMT 26 Sep 94*

[Text] Pyongyang, September 26 (KCNA)—Vice-President Yi Chong-ok met and conversed with the



outgoing Romanian ambassador to the Democratic People's Republic of Korea, Aureliu Ioan Lazar at the Mansudae Assembly Hall today.

Vice-Premier and Foreign Minister Kim Yong-nam, too, met him today.

#### **Science Delegation Leaves for Pakistan 26 Sep**

*SK2609152894 Pyongyang KCNA in English 1519 GMT 26 Sep 94*

[Text] Pyongyang, September 26 (KCNA)—A delegation of the Democratic People's Republic of Korea led by Choe Hui-chong, chairman of the State Commission of Science and Technology, left here today to participate in the first meeting of the commission on science and technology for sustainable development in the South to be held in Pakistan.

It was seen off at Pyongyang railway station by vice-chairman of the State Commission of Science and Technology Han Sang-pyo and Pakistani Ambassador to Korea Rahim Bhatti.

#### **SPA Sends Congratulations to Egyptian Speaker**

*SK2509011994 Pyongyang KCNA in English 2146 GMT 24 Sep 94*

[Text] Pyongyang, September 24 (KCNA)—Yang Hyong-sop, chairman of the Supreme People's Assembly (SPA), sent a message of greetings to speaker of the Egyptian People's Assembly Ahmed Fathy Surour upon his election as president of the council of the Inter-Parliamentary Union (IPU) at its 155th meeting.

The message wishes him success in his new responsible work to tighten friendship, cooperation and solidarity among parliaments and attain the original purpose of the IPU.

The message expresses the belief that the friendly and cooperative relations between the SPA of the DPRK and the IPU and the People's Assembly of Egypt will further develop.

#### **Deputy Foreign Minister Receives Omani Official**

*JN2509162494 Manama WAKH in Arabic 1420 GMT 25 Sep 94*

[Text] Pyongyang, 25 Sep (WAKH)—A session of official talks was held here today between the North Korean deputy foreign minister and Haytham Bin-Tariq Al Sa'id, Omani Foreign Ministry under secretary for political affairs, currently visiting Pyongyang.

The Omani News Agency said the two sides reviewed regional and international issues of mutual interest, and discussed promoting bilateral relations.

#### **Arrival of Visiting Delegations Reported**

*SK2509082194 Pyongyang KCNA in English 0810 GMT 25 Sep 94*

[Spelling of all names as received]

[Text] Pyongyang, September 25 (KCNA)—A delegation of the Foreign Ministry of Oman headed by Vice Foreign Minister Haitham bin-Tariq bin-Taimur, a delegation of the Irish Workers' Party led by former General Secretary Sean Garland who is a member of its Central Executive Committee, a delegation of the Russian Society for Friendship and Cultural Cooperation With the Democratic People's Republic of Korea headed by its Chairman Vladimir Tolstikov, a delegation of Workers of the Communist Re-establishment Party of Italy Headed by Bruno Carchedi, member of the leadership of the Lombardia Regional Committee of the party, and a delegation of the Japanese Regional Solidarity Organisation for Supporting the Reunification of Korea led by Akira Iwai, chairman of the Japan Committee for Supporting the Independent and Peaceful Reunification of Korea, arrived in Pyongyang on September 24.

On the same day, a delegation of workers of the General Association of Korean Residents in Japan (Chongnyon) led by Pak Un-song, a department director of the Central Standing Committee of Chongnyon, a home-visiting group of Korean students in Japan headed by Kim Chun-kwon and the 224th short-term home-visiting group of Koreans in Japan arrived in Wonsan by the ship "Mangyongbong-92".

A delegation of the Sakhalin Regional Committee for Supporting the Peaceful Reunification of Korea led by Chairman Kwon Chon-sik arrived in Pyongyang on September 24.

#### **Need To Democratize Global Community Stressed**

*SK2709151394 Pyongyang KCNA in English 1506 GMT 27 Sep 94*

["Democratization of International Community Is Urgent Demand of Times"—KCNA headline]

[Text] Pyongyang, September 27 (KCNA)—It is the urgent demand of the times to democratize the international community including the United Nations, stresses NODONG SINMUN in a signed article today.

It says:

The present times is the era of independence. If all countries and all nations are to win national independence and firmly maintain sovereignty, freed from all manner of domination and subjugation, the whole world must be independent.

An independent world is a world where international relations based on independence is established and the international community is democratized.

For the international community to be democratized, all the countries should respect and cooperate with each other on the principle of international justice and equality and make joint efforts for world peace and the common prosperity of humankind in keeping with the trend of the present era toward independence.



What is important in making the international community democratic is, above all, for all countries to respect each other's independence.

It is the fundamental demand and precondition for the democratization of the international community to firmly ensure the independence of each country and each nation.

When their independence is firmly ensured is it possible to establish international relations free from domination and subjugation and democratize world politics.

What is also important in democratizing the international community is to apply the principles of impartiality and equality to the international relations.

It must no more be allowed that specific countries apply double standards to the international relations, interfere in the internal affairs of other countries by pressure and blackmail and rule the roost with regard to the destiny of humankind and the solution of international issues.

What is important next in democratizing the international community is to respect the will and interests of the countries concerned in the settlement of disputes while ruling out the strong-arm action of the imperialists.

The Korean people will make every possible effort to oppose all forms of domination and subjugation, aggression and war and realize the democratization of the international community, in close unity with the world people under the banner of independence, peace and friendship.

#### **World Youth Leader Gives Impressions of North**

*SK2609115994 Pyongyang KCNA in English 1001 GMT 26 Sep 94*

[Text] Pyongyang, September 26 (KCNA)—Pallab Sen Gupta, secretary general of the World Federation of Democratic Youth, in an interview with the KCNA here said that he saw the unshakable will of the Korean people firmly rallied around the dear leader Comrade Kim Chong-il.

Giving his impressions of Korea, he noted that the Korean people are effecting new innovations in political, economic, cultural and other fields to fulfil the behests of the great leader Comrade Kim Il-song.

All the life and struggle of the Korean people are closely linked with the wise guidance of the dear leader Comrade Kim Chong-il, he stated.

He said that the people are absolutely supporting the lines and policies put forward by the leader and deeply respect and ardently revere him.

Thanks to the strength of the singlehearted unity of the leader and the people, Korea is vigorously advancing along the road of socialism and now valiantly fighting in face of the United States, he stressed.

#### **Founding Day Marked by Foreign Countries**

*SK2609152594 Pyongyang KCNA in English 1504 GMT 26 Sep 94*

[Text] Pyongyang, September 26 (KCNA)—Meetings took place by the Denmark-DPRK Friendship Association, the Lugazi Resistance Council of Uganda and in Goeteborg of Sweden and at the Kim Il-song Institute of Agricultural Science in Guinea and in Bamako of Mali on the 46th anniversary of the founding of the Democratic People's Republic of Korea.

The participants in the meetings paid a moment's silent tribute to honor the memory of the great leader President Kim Il-song.

Speeches were made at the meetings.

David Kibirango, chairman of the Uganda-DPRK Friendship Association and political advisor to the president, in his speech said that the death of President Kim Il-song, the founder of the Democratic People's Republic of Korea, an outstanding leader of the world revolution and a teacher of the Third World peoples, is a big loss not only of the Korean people but also of the peoples of the third world countries.

"We express full support and solidarity for the Korean people who are now striving to defend the socialist system and achieve the peaceful reunification of the country under the wise guidance of the dear leader Comrade Kim Chong-il," he stressed.

Roger Rogss, chairman of the Goeteborg branch of the Sweden-Korea Friendship Association, in his speech said that the Korean people have established the most advanced socialist system in the world and built a society which is run better in harmony than any society under the leadership of President Kim Il-song and the Workers' Party of Korea.

The reality of Korea, he noted, shows that only socialism represents the future of humankind.

As Comrade Kim Chong-il is now leading the work of the party, the state and the Army as a whole, the future of Korea is bright, he stressed.

Letters and messages of greetings to Comrade Kim Chong-il were adopted at the meetings.

#### **Celebrations Abroad Reported**

*SK2509011894 Pyongyang KCNA in English 2144 GMT 24 Sep 94*

[Text] Pyongyang, September 24 (KCNA)—Celebration meetings were held recently in Peru, Pakistan, Italy, India, Palestine, Madagascar, Austria, Mongolia and Mexico on the occasion of the 46th founding anniversary of the Democratic People's Republic of Korea.

Reports and speeches were made at the meetings.



Om Prakash Mantri, secretary general of the All India Indo-Korean Friendship Association, said in his report that President Kim Il-sung was the greatest man and the greatest leader who devoted his whole life entirely to the freedom and happiness of the people, to peace and security of the world and to socialism. "Guided by him, the Korean people could become a heroic people and Korea a country of *chuche*," he said, and continued:

"Today, the Korean people have another great leader, people's father. So, they could turn out as one man in the noble work to implement the behests of the great leader President Kim Il-sung by changing their sorrow into strength and courage.

"His Excellency dear Kim Chong-il is the great heart of the Korean nation who is leading it to victory, assuming responsibility for its destiny. We are convinced that under his guidance, the Korean people will achieve the final victory of socialism, valiantly smashing any blockade, pressure and 'sanctions' of the imperialists."

Roberto Gabriele, general secretary of the Movement for Peace and Socialism of Italy, said in his speech that Comrade Kim Chong-il is the supreme leader of the Korean people and a man of very tender-hearted and modest personality.

"Bright is the road of the Korean people who are advancing under his guidance, and they are sure to win," he stressed.

Letters and congratulatory messages to the dear leader Comrade Kim Chong-il were adopted at the meetings held in Peru, Pakistan, Madagascar, Austria and Mongolia.

#### **Greetings Sent to Kim Chong-il**

*SK2509081094 Pyongyang KCNA in English 0804  
GMT 25 Sep 94*

[Spelling of all names as received]

[Text] Pyongyang, September 25 (KCNA)—The dear leader of our party and our people Comrade Kim Chong-il received congratulatory messages from foreign party leaders on the 46th anniversary of the founding of the Democratic People's Republic of Korea.

They came from Narayan Man Bijukchhe, chairman of the Nepal Workers and Peasants Party; Nir Mal Sen, general secretary of the Central Committee of the Socialist Party of Workers and Peasants of Bangladesh; A.F.M. Mahbubul Huq, chairman of the Central Committee of the Socialist Party of Bangladesh; Rashed Khan Menon, general secretary of the Central Committee of the Workers' Party of Bangladesh; Hasanul Huq Inu, general secretary of the Central Executive Committee of the Bangladesh National Socialist Party; Udom Tantisuntorn, general secretary of the Righteous Force Party of Thailand; Didier Ratsiraka, general secretary of the Action for the Renaissance of Madagascar;

Sh.D. Shavdolov, chairman of the Central Committee of the Communist Party of Tajikistan; Ilie Verdet, president of the Socialist Workers' Party of Romania; Thurmer Gyula, chairman of the Hungarian Workers' Party; Mamadou el Bechir Gologo, secretary general of the National Direction Committee of the Sudanese Union-African Democratic Rally in Mali; Emile Kibala Bey a Nsien, national chairman of the Workers' Party of Zaire; and Claudio Campos, secretary general, and Albenzio Diaz, international secretary, of the October 8 Revolutionary Movement of Brazil.

The messages extend warmest congratulations to him on the national day of Korea and wish him good health and a long life.

They express the belief that the Korean people under his wise leadership will make brilliant achievements in the building of socialism, and manifest firm support and solidarity for the Korean people's struggle for the independent and peaceful reunification of the country and the denuclearisation of the Korean peninsula.

He also received a congratulatory message from the Bulgarian Communist Party (Marxist), the Renovated Communist Party of Bulgaria and the Central Committee of the Workers and Peasants Party of Bulgaria on the occasion.

#### **More Leaders Congratulate Kim**

*SK2409043994 Pyongyang KCNA in English 0412  
GMT 24 Sep 94*

[Text] Pyongyang, September 24 (KCNA)—The dear leader of our party and our people Comrade Kim Chong-il received congratulatory messages from foreign heads of state and party leaders on the 46th anniversary of the founding of the Democratic People's Republic of Korea.

The messages came from El Hadj Omar Bongo, president of the Republic of Gabon; Maaouya Ould Sid Ahmed Taya, president of the Islamic Republic of Mauritania; Maximo Agustin Mantilla, general secretary of the National Executive Committee of the American Popular Revolutionary Alliance of Peru; Habier Dies Kansseco, general secretary of the Mariateguista United Party of Peru; President Saturnino Paredes Macedo, General Secretary Palayo de Chaves, Organisational Secretary Miguel Martinez Duran and International Secretary Ricardo Escalanbe Luiz of the Popular Democratic Front of Peru; President Pedro Ortega, general secretary Trino Melean and International Secretary Gerónimo Carera of the Central Committee of the Communist Party of Venezuela; Argelia Raya, president of the Movement to Socialism of Venezuela; Ruben Maria Vera, chairman of the March 26 movement of Uruguay; Rene Mauge Mosquera, general secretary of the Central Committee of the Communist Party of Ecuador and chairman of the Broad Left Front of Ecuador; and Nanda Gopaul, leader of the Labour Party of Guyana.



The messages extend warmest congratulations to him on the national day and wish him a long life in good health.

They express the belief that the Korean people under his wise leadership will successfully accomplish the cause of socialist construction and the independent and peaceful reunification of the country.

#### **Foreign Mass Media Praise Kim Chong-il**

*SK2609065994 Pyongyang KCNA in English 0529 GMT 26 Sep 94*

[Text] Pyongyang, September 26 (KCNA)—Foreign mass media reported about the greatness of the dear leader Comrade Kim Chong-il.

PRENSA LATINA of Cuba published an article titled "No One Can Match Commanding Art of Comrade Kim Chong-il, Supreme Leader of Party, Government and Armed Forces," which said:

The Korean people are willing to reunify the country in the 1990s under the leadership of Comrade Kim Chong-il who is praised as "lodestar" of the strong Armed Forces, each man of which is a match for a hundred foes, and as "the leader of the Korean people."

Comrade Kim Chong-il was elected the supreme leader of the state as desired by the Korean people.

No one can match the commanding art of Comrade Kim Chong-il, the supreme leader of the party, the government and the Armed Forces.

Comrade Kim Chong-il, head of state, determined to terminate the policy of blockade against the Democratic People's Republic of Korea, is maintaining a consistent strategy of approaching the United States and other western countries on an equal footing in the foreign policy.

The Togolese paper ATOPANI in an article said: In Korea, the party, state and military affairs go well and the building of socialism is in progress under the leadership of dear Comrade Kim Chong-il.

Referring to the essence and necessity of the question of the inheritance of leadership, the paper said: Comrade Kim Chong-il is carrying forward the revolutionary cause of President Kim Il-song, who pioneered the road of revolution, and invariably taking over the leadership position and role of the president.

The paper dwelt on the greatness and leadership exploits of dear Comrade Kim Chong-il.

The Zambian paper THE SUN, the Senegalese paper LE TEMOIN, the Pakistani paper SIND EXPRESS, Khmer Television of Cambodia and radios Cadena Havana and Progreso of Cuba also gave publicity to Comrade Kim Chong-il's wise leadership of the party, state and military affairs.

#### **Kim Chong-il Thanks County Commercial Office**

*SK2609073194 Pyongyang KCNA in English 0601 GMT 26 Sep 94*

[Text] Pyongyang, September 26 (KCNA)—The dear leader of our party and our people Comrade Kim Chong-il sent thanks to director Chong Chun-sil and employees of the Chonchon County, Chagang province, commercial management office. Director Chong Chun-sil and employees devoted all their efforts and wisdom to discharging their duty of servants for the life of people in the county in the past 3 years, bearing in mind the love and trust with which the great leader President Kim Il-song visited their working place in September 1991 and highly estimated their conduct of doing a lot of good things.

Director Chong Chun-sil, twice labour heroine and deputy to the Supreme People's Assembly, had the honour of receiving thanks of President Kim Il-song and Comrade Kim Chong-il several times by devotedly working as the faithful servant of the people under the party's slogan "we serve people" in the past period.

In the Democratic People's Republic of Korea the "Chong Chun-sil movement" for following Chong Chun-sil who is devoting her all to the people is being conducted among the officials.

#### **Uzbek President on Kim Chong-il, Kim Il-song**

*SK2409150694 Pyongyang KCNA in English 1500 GMT 24 Sep 94*

[Text] Pyongyang, September 24 (KCNA)—The Uzbek President Islam Karimov, when he received credentials from the DPRK ambassador on September 19, said the death of his excellency Kim Il-song, the leader of the Korean people, was a great loss for the Korean people. "The Korean people will advance, united more closely around Comrade Kim Chong-il", he added.

He said Korea must be reunified by the Korean people themselves without outside interference.

Chitta Bash [spelling of name as received], general secretary of the Central Committee of the All-India Forward Bloc, when he received the DPRK ambassador to India on September 13, said: "We gained strength and courage from the brilliant achievements made by the Korean people in socialist construction, maintaining the revolutionary line after socialism collapsed in the former Soviet Union and East European countries."

Noting that the chuche idea is the guiding idea of Korean-style socialism, he said:

"We will defend socialism by learning from the guiding idea, ideal, view and experience of the workers' parts of Korea."

#### **Plans for 100th Day Memorial Service Reported**

*SK2609071794 Pyongyang KCNA in English 0545 GMT 26 Sep 94*

[Text] Pyongyang, September 26 (KCNA)—A meeting of the Standing Committee of the Central Committee of the



South Korean National Democratic Front (Hanminjon) was held on the threshold of the hundredth day since the great leader President Kim Il-song passed away, according to Radio Voice of National Salvation from Seoul.

According to a communique on the meeting, the meeting of the standing committee which was held in Seoul on September 22 discussed the mourning plan of the Hanminjon Central Committee for the hundredth day's service for the deceased President Kim Il-song.

October 15 is the hundredth day since the death of President Kim Il-song.

To express the deepest condolences over the death of the respected leader President Kim Il-song and solemnly hold the hundredth day's service is a noble etiquette of our people who held him in high esteem as the legendary hero of national liberation and the lodestar of national reunification and part of the sacred struggle to fulfil the intention and behests of the president in his lifetime, the communique said, and went on:

The meeting of the Standing Committee of the Hanminjon Central Committee decided on the following plan for the hundredth day's service for the deceased President Kim Il-song:

1. The Hanminjon Central Committee will dispatch a mourning mission to Pyongyang to hold a North-South joint memorial service on the hundredth day of the death of respected President Kim Il-song, the legendary hero of national liberation and the lodestar of national reunification.
2. Organisations of all levels under Hanminjon will solemnly hold the hundredth day's service in Seoul and all other parts of South Korea in accordance with the traditional etiquette of our nation.
3. The people of all walks of life including workers, peasants, fishermen, youth and students, intellectuals and religionists will hold the hundredth day's service at cities, provinces, counties, working places, rural and fishing villages and schools in conformity with their specific conditions in defiance of any suppression by the fascist authorities.
4. Hanminjon and patriotic people of all segments will publish placards, wall papers and literature introducing the greatness and immortal feats of respected President Kim Il-song, widely notify and distribute them on the hundredth day of his death.
5. Ceremonies of different forms will be held to vow to hold General Kim Chong-il in high esteem as the leader of the nation and accelerate the reunification in the 90s true to the behests of President Kim Il-song on the hundredth day of his death.
6. The people of all walks of life will wage a vigorous massive struggle to denounce and reject the anti-ethical

conducts of the "civilian" fascist regime and its acts against independence, democracy and reunification.

### **More Visitations to Statue of Kim Il-song Noted**

#### **Delegation of Overseas Koreans**

*SK2509084894 Pyongyang KCNA in English 0818 GMT 25 Sep 94*

[Text] Pyongyang, September 25 (KCNA)—A delegation of the Sakhalin Regional Committee for Supporting the Peaceful Reunification of Korea laid a bouquet of flowers before the statue of the respected leader President Kim Il-song on Mansu Hill in Pyongyang on September 24 and observed a moment's silence.

The head of the delegation, Kwon Chon-sik, said that the Korean nation lost its great father.

"We are faced with a heavy task to achieve the reunification of the country in the 1990s without fail, holding aloft '10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country' advanced by the great President Kim Il-song," he stressed, and went on:

"We are confidently looking forward to the day of reunification. This is because we have Marshal Kim Chong-il, another great leader of the nation.

"We will acclaim dear Marshal Kim Chong-il on the high rostrum of reunification by achieving national reunification at an early date as desired so earnestly by the great president in his lifetime," he declared.

#### **Foreign Visiting Delegations**

*SK2509085094 Pyongyang KCNA in English 0840 GMT 25 Sep 94*

[Spelling of all names as received]

[Text] Pyongyang, September 25 (KCNA)—Foreign visitors to Korea called at the statue of the great leader President Kim Il-song on Mansu Hill, Pyongyang, and honored his memory. Visiting the statue on September 24 were a delegation of Irish Workers' Party headed by Sean Garland, member the Central Executive Committee of the party and its former general secretary; a delegation of the Russian Association for Friendship and Cultural Cooperation With DPRK headed by its Chairman Vladimir Tolstikov, a delegation of the Japan Regional Solidarity Organization for Supporting the Reunification of Korea headed by Akira Iwai, chairman of the Japan Committee for Supporting the Independent and Peaceful Reunification of Korea; a delegation of the Jilin Provincial Committee of the Communist Party of China headed by Deputy Secretary Zhang Yueqi; a delegation of Party Workers of the Communist Re-Establishment Party of Italy headed by Bruno Carchedi, a member of the leadership of the Lombardia Regional Committee of the party; a delegation of the Ministry of Foreign Affairs of the Sultanate of Oman headed by



Vice-Minister Haitham bin-Tariq bin-Taimur and a delegation of the Forestry Science and Technology of the Academy of Forestry of Heilongjiang Province, China.

They laid wreaths and bouquets of flowers before the statue of President Kim Il-song and observed a moment's silence in his memory. Sean Garland said that he felt deep grief at the death of the great leader Comrade Kim Il-song, adding: "His death is great loss not only for the Korean people but also for people of the world." Vladimir Tolstikov said that the great leader Comrade Kim Il-song wisely led the Korean revolution. "His exploits will be conveyed through generations to come," he added.

Akira Iwai said his eyes dimmed with tears at the recollection of the days when he was received by the great leader President Kim Il-song. He noted that though the president passed away, what he desired in his lifetime is now being carried into a brilliant reality under the leadership of Mr. Kim Chong-il.

Saying the death of President Kim Il-song is their great sorrow, Zhang Yueqi stressed that he is glad over the fact that the Korean people is vigorously advancing along the road of socialism, closely united around the dear leader

#### Film Festival Participants

SK2609070194 *Pyongyang KCNA in English 0533*  
GMT 26 Sep 94

[Text] Pyongyang, September 26 (KCNA)—The participants in the fourth Pyongyang Film Festival of non-aligned and other developing countries laid a wreath before the statue of the great leader President Kim Il-song on Mansu Hill on Sunday and observed a moment's silence.

Written in a ribbon hanging on the wreath were the letters "The Great Leader Comrade Kim Il-song Will Be Immortal".

Cameroonian delegate Venant Meliga said that though the great leader President Kim Il-song passed away, his immortal feats will always remain in their hearts.

Head of the Nepalese delegation Shrestha noted: I believe that the Korean people, not remaining in deep grief, will double strength and courage to defend the sovereignty of the nation, build a rich and powerful society and reunify the country independently and peacefully without fail.

Hong Kong delegate Wang Xiukuk stated that the death of President Kim Il-song is a big loss of the Korean people and the world people.

Chhorn Hay, general secretary of the cabinet of the kingdom of Cambodia, stressed that the Cambodian people, friends of the Korean people, will always remember President Kim Il-song.

#### Korean Residents in Japan

SK2609070394 *Pyongyang KCNA in English 0537*  
GMT 26 Sep 94

[Text] Pyongyang, September 26 (KCNA)—A delegation of officials of the General Association of Korean Residents in Japan (Chongnyon) staying in the socialist homeland called at the statue of the great leader President Kim Il-song on Mansu Hill on Sunday, laid bouquets of flowers and observed a moment's silence.

Head of the delegation Pak Un-song, director of a department of the Chongnyon Central Standing Committee, said that the Koreans in Japan had enjoyed a worthy life with the pride of being overseas citizenships of the country of chuche in a sordid land of Japan under the deep loving care and solicitude of the fatherly leader generalissimo Kim Il-song.

"We", he noted, "will vigorously struggle to accomplish the reunification of the country and the revolutionary cause of chuche, holding the dear leader general Kim Chong-il in high esteem with loyalty and filial piety in one mind, cherishing deep in mind the behests of the fatherly leader."

The members of the home-visiting group of students of Korean university under Chongnyon and the 224th short-term home-visiting group of Koreans in Japan also laid a wreath and bunches of flowers before the statue of President Kim Il-song and paid a moment's silent tribute to honor his memory on the same day.

Earlier, the home-visiting group of Korean students in Japan laid bouquets of flowers before the statue of the great leader.

#### European, PRC Visitors

SK2409052594 *Pyongyang KCNA in English 0432*  
GMT 24 Sep 94

[Text] Pyongyang, September 24 (KCNA)—A delegation of the Beijing Foreign Studies University headed by its President Wang Fuxiang and Keith Bennett, councillor of the European Society for the Study of the Chuche Idea, on a visit to Korea laid bouquets of flowers before the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang on September 23 and observed a moment's silence.

Wang Fuxiang said that the death of the great leader was a deep grief not only of the Korean people but also of the Chinese people. "He was an intimate friend of the Chinese people," Wang added.

Keith Bennett said that the great President Kim Il-song was a great man who devoted his whole life to the happiness of the people, adding: "His death was a great loss and pain to us all."

Pointing out that the chuche idea is a great idea to be followed by the world, he vowed to make strenuous efforts to make the whole world independent.



**Daily Highlights Kim Il-song's Achievements**

*SK2709105994 Pyongyang KCNA in English 1027  
GMT 27 Sep 94*

[“Achievements Made by Comrade Kim Il-song With People for Them Will Be Everlasting”—KCNA headline]

[Text] Pyongyang, September 27 (KCNA)—The revolutionary achievements made by the respected leader Comrade Kim Il-song with the people for their sake will be everlasting as long as there are a great leader with literary and military accomplishments, loyalty and filial piety, and a good people trained by the great party and the leader, declares NODONG SINMUN in a by-lined article today.

The article says the respected leader Comrade Kim Il-song is always with the people as he has made immortal achievements with them for their sake.

The dear leader Comrade Kim Chong-il is quoted as saying:

“The leader’s achievements were made with the people for their sake. That is why his achievements are immortal in their hearts.”

The article explains why Comrade Kim Il-song’s revolutionary achievements are immortal in the hearts of the people, enjoying high praises.

The article says:

Firstly, each of his achievements was made for the sake of the people.

From the first days of his revolutionary activities, the respected leader pushed the popular masses including the workers and peasants to the foreground as the makers of history and the most valuable beings in the world and subordinated every matter of the revolution and construction to the cause for the people.

It was entirely for the people’s sake that he thought and minded everything. It was always for their happiness that he devotedly worked with his heart and soul. Under his energetic guidance, our country has turned into a people’s paradise and our people had all their desires met.

Secondly, the respected leader made the achievements without a day’s rest, sharing weal and woe with the people.

At any stage and in any period of the revolution and construction including the days of his early revolutionary activities and the anti-Japanese armed struggle when danger threatened him at every step and the post-liberation days of the building of a new society and the post-war days of reconstruction, he was always with the people, believed in their strength, and regarded their mobilization as the key to all victories.

Beyond imagination are the hard days and sleepless nights he spent, the troubles he experienced and the work he did while leading our revolution victoriously up to his age above eighty ever since he took the steering wheel of the era at the head of the Korean revolution in his early years.

These days and nights continued to make the glorious history of the revolutionary struggle of a legendary hero and a patriot for all ages. To this glorious history, our generations and posterity and humankind in our era owe their priceless wealth.

Indeed, the achievements made by the respected leader with the people for their sake with tireless efforts can never and will never be seen in the biography of any great man in the world and will shine most brilliantly in human history.

For these great achievements, he is always with the people.

His immortal achievements are an eternal wealth and ever-victorious banner of the Korean revolution.

Today, the dear leader Comrade Kim Chong-il, the great successor to the revolutionary cause of *chuche*, stands in the van of our revolution. We will defend him with our lives and uphold him with intense loyalty, deeply cherishing the belief that Comrade Kim Il-song is immediately Comrade Kim Chong-il, and vice versa.

**Foreign Delegations Arrive for Film Festival**

*SK2509081394 Pyongyang KCNA in English 0806  
GMT 25 Sep 94*

[Text] Pyongyang, September 25 (KCNA)—Delegations and delegates of Malaysia, Mali, Australia, Indonesia, Thailand, Tanzania, Cameroon and other countries arrived in Pyongyang on September 24 by plane to participate in the Fourth Pyongyang Film Festival of non-aligned and other developing countries.

On the same day, Chhorn Hay, secretary general of the cabinet of the Kingdom of Cambodia, arrived here by plane.

Earlier, on September 23, a Nepalese delegation came to Pyongyang by train.

**Fourth Pyongyang Film Festival Opens 26 Sep**

*SK2609153394 Pyongyang KCNA in English 1515  
GMT 26 Sep 94*

[Text] Pyongyang, September 26 (KCNA)—The fourth Pyongyang film festival of the non-aligned and other developing countries opened here today.

The opening ceremony was held at the Pyongyang International Cinema House.



Those present paid a moment's silent tribute to the memory of the great leader President Kim Il-song before the opening ceremony.

Attending the ceremony were Vice-premier and Minister of Culture and Art Chang Chol who is chairman of the organising committee of the festival, members of the organising committee of the festival, delegations, delegates and observers from Asia, Africa, Europe, Latin America and Oceania, delegates of international organisations, guests of honor, foreign diplomatic envoys and cultural officials of embassies in Pyongyang, working people in the city and moviemmen.

A film delegation of the General Association of Korean residents in Japan (Chongnyon) and overseas Koreans were present.

An opening address and congratulatory speeches were made at the opening ceremony.

Vice-premier Chang Chol in his congratulatory speech said the current Pyongyang film festival would give a big inspiration to the peoples of the non-aligned and other developing countries who are advancing under the banner of independence against imperialism and of peace against war.

"The moviemmen of the non-aligned and other developing countries," he stressed, "should constantly strengthen and develop exchange and cooperation in various forms including the film festival, so that cinematic art may make an active contribution to strengthening friendship and unity and hastening the victory of the cause of independence.

"The government of our Republic will make every possible effort to maintain the principle and idea of the Non-aligned Movement and strengthen and develop the movement as desired by the respected leader Comrade Kim Il-song in his lifetime," he stated, and added:

"The Korean people have turned into strength and courage the bitter grief in paying last respects to the great leader of our party and our people Comrade Kim Il-song in July and the pains of his loss and rose determinedly in a powerful struggle to defend Korean-style socialism centred on the popular masses and accelerate the independent, peaceful reunification of the country, united in one mind around the great leader of our people Comrade Kim Chong-il."

He expressed the belief that the fourth Pyongyang film festival will be adorned brilliantly thanks to the sincere efforts of the participants, greatly helping toward the development of the Non-aligned Movement.

The Indonesian, Cameroonian and Cuban delegates made congratulatory speeches.

They expressed deep condolences on the death of the great leader President Kim Il-song of the Democratic People's Republic of Korea, a prominent elder of the Non-aligned Movement.

The Pyongyang film festival is greatly conducive to strengthening friendship and solidarity among the non-aligned and other developing countries, they said, adding that the 4th festival will be successful as desired by the progressive people and moviemmen of the world.

They expressed the belief that the Korean people under the wise leadership of His Excellency Kim Chong-il will make great achievements in the efforts to fulfil the behests of President Kim Il-song.

The Pyongyang film festival has been held from 1987 in accordance with decisions of conferences of the ministers of education and culture of the non-aligned and other developing countries and of the eighth summit meeting of the non-aligned countries.

At the current festival which will last till October 4, many feature and documentary films made by non-aligned and other developing countries will be screened, divided into groups of competition and information.

And successful films highly appraised at home and abroad in the past period will be screened in the form of recollection and a film market will be opened.

On display at the opening ceremony venue were the main prizes of the festival—"Torchlight" gold prize, "Torchlight" silver prize, "Torchlight" bronze prize and other festival prizes.

#### **'Several' New Scientific Films Released**

*SK2409151194 Pyongyang KCNA in English 1505 GMT 24 Sep 94*

[Text] Pyongyang, September 24 (KCNA)—The Scientific and Educational Film Studio of Korea have of late made several scientific films. A scientific film "Let Us Actively Introduce the Y-Shape Water-Jetting Device" shows the advantage and introduction of the Y-shape water-jetting device provided by the great leader President Kim Il-song in June and July this year.

The film indicates that it is a most efficient device in the irrigation of non-paddy fields, being low in the consumption of materials, simple in operation and strong in jetting capacity.

"Common Scientific Knowledge" Nos. 58 and 59 introduce part of the achievements made by researchers of the Central Mining Institute of the National Academy of Sciences in hearty response to the revolutionary economic strategy of the Workers' Party of Korea.

"Special Porcelain Semiconductor" shows how the porcelain semiconductor of special nature prevents an overheating accident of the motor and "Iron Cuts Special Steel" shows an ordinary iron plate cutting a jumper tip. "Relay Sensitive to Heat" displays the advantage and mechanism of new relay made of alloy of copper, zinc and aluminum. "Amino Acid Sweetening Material" shows the method of making this material which is 200-fold sugar in sweetness. "Muscle Training in Old



Age", part 38 of "Longevity in Health" introduces a simple and easy exercise for training muscles recently created by medical specialists. It explains in plain language from the medical point of view that if one regularly do the exercise, he can continue his independent activity in good health even in his advanced age.

The scientific films also include "Experience in Increasing Tunneling Speed."

### **Symposium on Koryo Medicine Held in Pyongyang**

*SK2409051894 Pyongyang KCNA in English 0425  
GMT 24 Sep 94*

[Text] Pyongyang, September 24 (KCNA)—The 16th national scientific symposium on Koryo medicine was held here over September 21-23.

Koryo medicine is a traditional medicine of Korea.

Some 180 papers on the achievements and experiences gained by Korean scientists and medical workers in scientific researches and clinical and preventive treatment were published at clinical, elementary, acupuncture and Koryo pharmacy divisions of the symposium.

Introduced at the symposium were scientific and theoretical questions in diagnosis and treatment by Koryo medicine as well as achievements and experiences in the treatment of diseases with Koryo medicines, the new methods of non-drug treatment such as acupuncture, moxibustion, cupping and manual arts and the improvement of the composition of Koryo medicines and their manufacture.

### **Papers Note Efforts To Promote Tourism**

*SK2709105394 Pyongyang KCNA in English 1016  
GMT 27 Sep 94*

["World Tourism Day Observed"—KCNA headline]

[Text] Pyongyang, September 27 (KCNA)—Papers here today dedicate articles to the world tourism day.

NODONG SINMUN in a signed article says that the government of the Democratic People's Republic of Korea welcomes foreign tourists in the idea of independence, peace and friendship and provides them with all conveniences.

MINJU CHOSON in an article says that the government of the DPRK is developing the exchange of tourism and cooperation with the people of all countries which respect the sovereignty of our country, friendly approach our country and value peace and friendship.

Our country which joined the world tourism organization in 1987 will make all efforts as ever to develop tourism in the idea and principle of the organization, the paper points out, and goes on:

Korea is directing great efforts to this work in keeping with the world trend of tourism.

The tomb of Tangun, father of the Korean nation, and other historical and cultural relics are being reconstructed, readjusted and preserved, and revolutionary battle sites and revolutionary sites and scenic spots have been built up well.

Mt. Paektu, Mt. Kumgang, Mt. Myohyang, Pyongyang, Kaesong, Nampo and other tourist resorts are gaining in world favour. New hotels and tourist resorts are under construction.

### **Efforts in Housing Construction Highlighted**

*SK2409043494 Pyongyang KCNA in English 0400  
GMT 24 Sep 94*

[Text] Pyongyang, September 23 (KCNA)—Korea continues directing big efforts to housing construction.

Dwellings for 17,500 houses are under construction this year in South Pyongan Province.

Having completed houses for 6,600 families, the province is now accelerating the projects to finish the construction of dwellings for over 10,000 households in a short period.

Houses for 3,200 coal miners' families are being built in the Tokchon, Anju, Pukchang and Kaechon area coal fields.

Houses for over 1,000 families have been completed in Sunchon.

Many dwelling houses are taking shape in North Pyongan and Hwanghae Provinces and other provinces, too.

Korea constructed dwellings for one million households during the third seven-year plan (1987-1993).

There is no homeless man in the Democratic People's Republic of Korea.

Everyone enjoys a happy life in the houses provided by the state free of charge.

## **South Korea**

### **26 Sep U.S.-DPRK Talks 'Businesslike'**

*SK2709010494 Seoul YONHAP in English 0036 GMT  
27 Sep 94*

[Text] Geneva, Sept. 27 (YONHAP)—The United States and North Korea will meet again Tuesday at the American mission here to seek a comprehensive settlement to the dispute over the communist country's nuclear program.

Tuesday's meeting, part of the third round of high-level talks, will be attended by both sides' chief delegates—



U.S. Assistant Secretary of State Robert Gallucci and North Korean Vice Foreign Minister Kang Sok-chu.

During the fourth day's session Monday [26 Sep], the chief delegates held a six-hour meeting at the North Korean mission here from 10 AM, including a one-and-a-half-hour lunch at a downtown restaurant in this Swiss city.

North Korea's chief delegate told reporters later that the meeting was businesslike, saying there were some points on which the two sides agreed and others on which they disagreed. However, Kang did not disclose any further details.

He added that the two sides will hold high-level talks at the U.S. Representative Mission here attended by the chief delegates.

#### **Papers Assess Developments in U.S.-DPRK Talks** *SK2709090794*

[Editorial Report] The following is a compilation of articles carried in the ROK vernacular dailies on 27 Sep which review developments in the U.S.-DPRK high-level talks now in progress in Geneva, Switzerland.

On page three, the conservative CHOSON ILBO carries a 1,100-word article written by Geneva-based reporter Cho Yong-tak. The article reviews observers' views on North Korea's reaction to the USS Kitty Hawk's presence in the East Sea and its intention to reload the five-megawatt experimental atomic reactor in Yongbyon with new fuel rods, while quoting one high-ranking diplomatic source's analysis that "North Korea is taking an attitude which can shake the basic foundations of the freezing of nuclear activities, which is a grand premise to the U.S.-North Korean negotiations. This may be designed either 'for domestic consumption' or 'for negotiations.'" The article also cites the same source as adding: "North Korea, fully aware that reloading Yongbyon's five-megawatt atomic reactor with nuclear fuel rods would be tantamount to rupturing the talks, has abruptly presented such an idea. This may be aimed at appealing to the hawks in North Korea."

The article further says that some observers speculate North Korea's tough-line stance as an attempt to get as many concessions from the United States as possible while concluding the talks in time for Kim Chong-il's official inauguration as state president.

The article also quotes one well-versed source as speculating: "As for North Korea, the settlement of the talks can serve as a grand event. Therefore, we can guess that North Korea may attempt to present the settlement of the talks as a gift to the state president on the occasion of his inauguration, rather than to see the talks come to a conclusion at a time when the post of their state president is vacant."

The article concludes by reviewing the background of the situation surrounding the weekend meetings between the

two countries' delegates and reviewing foreign reporters' increased interest in the talks as a result of U.S. Secretary of Defense Perry's remarks warning against North Korea.

On page five, the moderate HANGUK ILBO carries a 1,000-word article written by Washington-based correspondent Yi Sang-sok which reviews a tense situation between the United States and North Korea. The article notes on U.S. Secretary of Defense Perry's remarks advocating "a method of finding a forcible solution through military power" and on North Korea's threat to "resume its nuclear activities" while North Korea is finding fault with the deployment of a U.S. aircraft carrier battle group in the East Sea.

The article quotes the experts on the Korean peninsula in Washington as analyzing that such offensives and counteroffensives between the two sides outside the conference hall may be an attempt to consolidate their individual negotiating capabilities at the Geneva talks. The article added, however, that according to those experts, the two sides do not want to see the talks ruptured, and that therefore, this new tension in the talks will not last long.

The article goes on to say that this analysis has its own justification because a statement by the spokesman of North Korea's Foreign Ministry limits its denunciations to "some hawkish conservatives inside the United States" and because the United States, too, is restating that there is no change in its policy toward the North. The article adds that the United States is putting out its feelers regarding the possibility that North Korea may show an intransigent attitude at the negotiation table in Geneva under the excuse of some U.S. hawks' attitude against the North.

The article then reviews the background of the tense atmosphere between the two sides by reviewing the STARS AND STRIPES's 22 September interview with (Ronald Julatopper), new commander-in-chief of the U.S. Pacific Fleet, concerning the deployment of the USS aircraft carrier Kitty Hawk battle group in the East Sea and also by reviewing the remarks by U.S. Secretary of Defense Perry in a 25 September talk show with NBC-TV in which he talked about the possibility of conducting "coercive diplomacy" against North Korea.

The article views this by saying: It is true that with the developments in Haiti, the voices of U.S. conservatives are growing louder. While there is nothing new in this regard, their voices are rising in the process of discussing U.S. foreign policy with the approach of the upcoming November by-elections.

The article concludes by saying: "The tension between the North and the United States, which has been created by a U.S. aircraft carrier's presence in the East Sea, graphically shows how weak the foundation of trust is between the two countries in spite of the recent thaw."



The moderate KYONGYANG SINMUN carries on page three a 1,000-word article by Geneva-based correspondent Son Tong-u. The article reports that "With the second meeting of the two sides' chief delegates on 26 September, the talks have reached an important turning point." Noting that the second session of the third round of U.S.-North Korean talks "are being held tirelessly" without a recess, the article reports this "shows both sides' firm will to completely solve all pending problems regarding the nuclear issue at this session of the talks."

Considering that a plenary session, which takes much time, was omitted, the article points out that "the way of proceeding the second session of the third round of talks was completely different from that of previous talks" in an effort "to maximize their efficiency."

The article reports that a high-level diplomatic source in Geneva stated: "The alleged pending issues have been fully discussed by the sides for a year and a half. They could be resolved in a short period of time if both sides had the will to conclude them."

The article, however, anticipates that the United States and North Korea will overcome "many difficulties in various issues," such as the light-water reactor problem, "to reach a complete and overall agreement." The article then expects that "the sides will make a final compromise after a fierce tug-of-war during a few working-level or chief delegates' meetings."

The pro-government SEOUL SINMUN carries on page three a 800-word editorial entitled "Principle Is More Important Than Speed in the Nuclear Talks." The editorial reports on "serious differences of opinion between the United States and North Korea on basic problems," noting that "the second session of the third round of U.S.-DPRK talks seems to have faced a bottleneck from the beginning."

The editorial stresses: "The U.S. demands regarding the nuclear inspection issue and the light-water reactor issue are the principles that must be adhered to by the ROK and the United States in negotiations with North Korea." Criticizing North Korea for not accepting the U.S. demands, and noting that the North Korean "demand for the additional provision of \$2 billion is impossible under present circumstances," the editorial stress that the United States should not accept North Korea's "unreasonable demands that only show the absence of its will to make the talks bear fruit."

Emphasizing that U.S. Defense Secretary William Perry's mention of the possibility of military actions against North Korea's nuclear waste reprocessing facilities shows the U.S. view that the negotiations with North Korea face a crisis, the editorial considers his remark to be "a U.S. negative answer to North Korea's unacceptable demands," as well as "an expression of the Clinton administration's will that was fully coordinated in advance."

The editorial concludes by urging the United States "not to forget the fact that adhering to the principles in the nuclear talks with North Korea is more important than speeding up the talks."

#### North Vice President's PRC Visit Previewed

SK2709012194 Seoul YONHAP in English 0033 GMT  
27 Sep 94

[Text] Beijing, Sept. 27 (YONHAP)—A high-powered North Korean mission, led by Vice President Yi Chong-ok, visits China from Tuesday through Oct. 4 at the Chinese Government's invitation, the state-run XINHUA news agency reported Monday, quoting Foreign Ministry spokesman Chen Jian.

Yi is the highest-ranking North Korean official to visit Beijing since President Kim Il-song's death in July.

Chen was quoted as saying in a statement that the North Korean Government officials are visiting China on a goodwill mission.

While in Beijing, Vice President Yi will meet with President Jiang Zemin, Premier Li Peng and other ranking Chinese Government officials about North Korea's nuclear energy program, the post-Kim Il-song leadership and the North's ongoing high-level talks with the United States, Chen was further quoted as saying.

The North Korean Mission is expected to attend a ceremony marking the 45th anniversary of the Chinese Communist Party's founding on Oct. 1.

#### Significance of Visit Assessed

SK2709061094 Seoul YONHAP in English 0517 GMT  
27 Sep 94

[Text] Seoul, Sept. 27 (YONHAP)—North Korean Vice President Yi Chong-ok's visit to Beijing Tuesday is attracting the attention of Pyongyang watchers here.

Yi, belonging to the first generation of revolutionaries along with the late Kim Il-song, is the highest-ranking North Korean official to visit China since Kim's death in July. As a result, his trip carries much more weight than one in early September by Vice Foreign Minister Song Ho-kyong as a special envoy of the North Korean Government.

Beijing announced Yi's visit in a statement issued by Foreign Ministry Spokesman Chen Jian while Pyongyang has yet to make it public, which is taken by North Korea watchers here as "quite unusual."

They believe the visit is related to Kim Chong-il's succession to his father as "great leader," to the ongoing North Korea-U.S. nuclear talks or to the North's food shortages.

Yi's itinerary in China and his entourage are not yet known, but Chinese Foreign Ministry Spokesman Chen



said he would meet with President Jiang Zemin, Premier Li Peng and other government leaders.

During these meetings, Yi will have a chance to explain away rumors that something is wrong with Kim Chong-il and clarify Pyongyang's position on the nuclear talks with the United States in a bid to solicit Beijing's support.

Some North Korea watchers feel that Yi will tell the Chinese leaders the date on which Kim Chong-il will officially become general secretary of the Workers' Party and concurrently president of state, while conveying a message from Kim to them.

A government official well versed in North Korean affairs said, "Yi is visiting China to attend the Chinese Government's anniversary day ceremonies on the surface, but considering the delicate timing of his visit you can't rule out the possibility that he has other purposes in mind." By delicate timing, he must have meant the thorny nuclear talks with the United States in Geneva. In other words, he hinted that Yi would take up this issue in his discussions with the Chinese leaders.

Yi would also express his concern about the deployment of the U.S. aircraft carrier Kitty Hawk in the East Sea, Defense Secretary William Perry's recent "threatening" remarks against Pyongyang and other indications of a hawkish attitude toward North Korea in some quarters of Washington, while requesting Chinese support for Pyongyang's U.S. policy.

Moreover, Yi appears likely to ask China to increase the supply of crude oil and food in order to save the sagging North Korean economy from total collapse.

Although he fought the Japanese in guerrilla warfare, as Kim Il-song did, Yi is known as one of the top economic policy-makers among the first generation of revolutionaries. In fact, he once served as premier while Kim Il-song was alive.

Most North Korea watchers in the government here agree that the main objective of Yi's trip is participation in the Chinese Government's 45th anniversary ceremonies to enhance friendly bilateral relations.

Considering Yi to be a figurehead, not a strongman, they say he could hardly discuss his country's vital issues with Chinese leaders nor could he convey the real North Korean strongman's message to them.

In 1989 when China celebrated the 40th anniversary of the government's founding, Yi led a North Korean Government mission to Beijing. His visit this time is a mere repetition of his trip five years ago, a government official said.

"It's true his timing is delicate, but considering his position in Pyongyang's hierarchy, his can hardly be a mission other than a congratulatory one. By sending a heavyweight vice president to Beijing, Pyongyang wants

to continue the friendly relationship with China established in blood during Kim Il-song's time," another official said.

#### **Poll: Majority Expect German-Style Unification**

SK2609122394 Seoul YONHAP in English 1005 GMT  
26 Sep 94

[Text] Seoul, Sept. 26 (YONHAP)—Most of the South Koreans believe unification would be realized in the German style, that is, in the way in which South Korea absorbs North Korea, a recent poll showed.

The survey, taken by the Media Research Co. on July 26-27 in a contract awarded by the National Unification Board, displayed that 75.9 percent of the 1,500 adults questioned replied they believe unification will be attained in a way the two Germanies were integrated.

As for the time of unification, 42.3 percent said they believe it would come in five years and 29.5 percent in ten years. A poll taken in June last year showed 43.8 percent of the respondents think unification would be achieved within 10 years.

Asked what would be the most worrisome in the event of unification, 35.1 percent gave "economic confusion," 232.5 percent [as received] "social unrest" and 22.1 percent "political instability."

#### **North Defectors Provided With Education, Jobs**

SK2609121794 Seoul YONHAP in English 0846 GMT  
26 Sep 94

[Text] Seoul, Sept. 26 (YONHAP)—A total of 535 North Korean defectors are currently enjoying government-provided education, medicare and jobs in accordance with the law on the protection of North Korean defectors to the South, the National Unification Board [NUB] reported Monday.

The NUB put 29 North Korean defectors on the benefits list this year, a sharp increase from nine in 1992 and 15 in 1993, according to its report submitted to the National Assembly Foreign Affairs and National Unification Committee.

The board has given North Korean defectors 690 million won from its budget and more from the budget of the Ministry of Health and Social Affairs this year to help them settle in the country, the report said.

The NUB is drafting laws to shift the focus to education and job training for North Korean defectors instead of providing them with compensation. It is striving to cope with the rapid growth in North Korean defectors including loggers working at Siberian camps, the report noted.

The NUB is also overhauling laws concerning treatment of North Korean defectors to accommodate them effectively in accordance with their legal status and reasons



and modes of defection, according to the report. Moreover, it is devising measures to handle an exodus of North Korean refugees, according to the report.

**\* Unification Church, Pyongyang Connection Viewed**

*942C0209C Seoul CHUGAN CHOSON in Korean  
18 Aug 94 pp 22-23*

[By reporter U Chong-chang]

[Text] Among the North Korean Embassy personnel in Beijing, there are only two who have the "privilege" of bringing their families there. They are Ambassador Chu Chang-chun and a man named Pak Chong-kun.

Pak Chong-kun has no embassy job although he enjoys the same kind of privileges the ambassador has. He does not belong to the embassy. His nominal titles are the president of "Kumgangsan [Mt. Kumgang] International Group" and the chairman of "Koryo National Industry Development Federation (abbreviated as Kominbalyon). Pak Chong-kun's nominal boss is Pak Kyong-yun (female), chairwoman of Kumgangsan International Group.

Pak Chong-kun and Pak Kyong-yun are the key connections linking the Unification Church to North Korea. In addition, they serve as a contact point in Beijing for South Korean entrepreneurs seeking to operate in North Korea. As far as the titles go, Pak Kyong-yun ranks above Pak Chong-kun. But in reality, Pak Chong-kun is said to have far greater powers than she does. Some observers say Pak Kyong-yun is a figurehead.

Pak Kyong-yun, 60 years old now, is a Korean resident in Japan. Her academic background, personal history, and business activities have partly been known to the press.

She was born in Chongju, South Chungchong Province. After graduating from Sudo Girls High School in Seoul, she majored in political science and foreign relations at the night school of D University in the 1950's while working at "Korea House" (in Pil-tong, Chung-ku, Seoul), a school for future politicians and diplomats. She left for the United States for study in 1958 at the age of 22. Beginning in 1959, she studied journalism at Kansas University for two years, and in 1962 she transferred to Oklahoma University to study accounting. She graduated from Oklahoma University.

While enrolled at Oklahoma University, she met and married a certain Yun, a Korean student attending a law school. After giving birth to a son, she divorced and got remarried to Pak No-chong, a Korean resident businessman in Japan. Mr. Pak was a veteran entrepreneur who established Saenara Automobile Company in South Korea. When her second husband died in 1986, Pak Kyong-yun, was said to have inherited an estate amounting to 5 billion yen (40 billion won) from the deceased.

Unlike Pak Kyong-yun, Pak Chong-kun's identity is mostly shrouded in a veil. Even his age has not been accurately confirmed; he is only known to be in his early 50's.

Pak Chong-kun is a man to be watched closely by intelligence organizations of the United States, China, and Japan, as well as South Korea, because he is involved in various matters despite his not-so-important nominal titles. When Kim Tal-hyon, Kim Yong-sun, and other North Korean officials with the rank equivalent to vice premier meet ROK businessmen in Beijing, he always sits in on these meetings. Those who met him say that Pak did not seem to feel small at all in the presence of Kim Tal-hyon, and judging from this, his rank may be equal to that of vice premier.

According to concerned authorities, Pak Chong-kun belongs to "Office 39," Kim Chong-il's secretariat. "Office 39," is a special organization which assists Kim Chong-il and receives orders directly from him. Pak Kyong-yun's Kumgangsan International Group and Pak Chong-kun's Koryo National Industry Development Federation are said to be the two subdivisions of "Office 39" that have been exposed to the outside so far.

Kumgangsan International Group and Kominbalyon are the divisions of Office 39 handling overseas business deals. The former is targeted at South Korean and Japanese enterprises, and the latter at China. It is said that there is another division dealing with the United States. Office 39 is said to have been shorn of its power somewhat last November when it was brought under the jurisdiction of the State Administration Council in a reshuffle which resulted in the ouster of Kim Tal-yon, Kim Chong-il's confidant.

Originally, Choe Chong-kun was in charge of Office 39, and Pak Chong-kun was under him. But when Choe was discharged on suspicion of misappropriating public money in connection with operations to earn foreign exchanges, Pak was said to have been promoted. That is why Pak Chong-kun is known in Beijing as an influential man. It is not known yet through what channels Pak Kyong-yun established separate connections with Pak Chong-kun and the Unification Church. Needless to say, Pak Kyong-yun is not a member of the Unification Church. But she has been assisting the Unification Church in its effort to find its way into North Korea. It is not known when, and through what channels, Pak Kyong-yun established her connection with Pak Chong-kun. Intelligence organizations in various countries are concentrating their efforts on determining this link because only by doing so is it possible to bare the whole picture of the connection between the Unification Church and North Korea.

Early this year Pak Kyong-yun sent a "document" to the concerned Unification Church officials. It was the document signed by Kim Il-song in person this January granting the right to develop Mt. Kumgang. For the Unification Church, which had already drawn up a



master plan for the development of Mt. Kumgang, the document was a delectable piece; and for Pak Kyong-yun, who is a point woman in raising overseas funds, the Unification Church is a premier "investor."

It has been learned that the Unification Church and Pak Kyong-yun pin great hopes on each other in connection with the development of Mt. Kumgang. An interested official well aware of this said: "There is a great possibility that the Unification Church and Pak Kyong-yun will play into the hands of North Korea's intelligence operation."

This official argues: "North Korea wants investment from the Unification Church to tide over its economic difficulties. The Unification Church is far more interested in North Korea's tourism industry than in its manufacturing sector. That is why North Korea has dealt the card on the development of Mt. Kumgang to Unification Church through Pak Kyong-yun. In fact, the offer on the development of Mt. Kumgang is the common card that has been shown to all South Korean entrepreneurs visiting North Korea. But North Korea has never signed a contract with any of them. Judging from this, the offer on the development of Mt. Kumgang seems to be nothing more than a North Korean "bait." Although Pak Kyong-yun holds the title of chairman, she is nothing but a "figurehead" controlled by Pak Chong-kun, who has all the real powers. One should accurately read this North Korean strategy."

The same official also recalled that of all the deals Pak Chong-kun has been trying to promote, none have ever been consummated between the North and the South. After setting up Kumgangsan international Group as a joint venture with North Korea, Pak Kyong-yun succeeded in opening charter flight routes between Pyongyang and Hong Kong and between Pyongyang and Nagoya, Japan. She also hosted a banquet in Tokyo in celebration of the simultaneous admission into the United Nations by North and South Korea. But her effort to broker a rice deal between North and South Korea fell through.

Pak Chong-kun has met numerous South Korean businessmen in Beijing to eagerly urge them to invest in North Korea. But according to our interested authorities, not a single noteworthy deal among all the deals Pak Chong-kun has been trying to promote between the North and the South has ever been realized.

That is why some observers point out that despite their seemingly important positions, Pak Chong-kun and Pak Kyong-yun are undercover North Korean agents for espionage operations against the South.

Intelligence agencies in various countries are paying particular attention to the enormous amount of "funds" being spent by Pak Kyong-yun. She has been buying up real estate in Beijing City since last year. After buying a building last year, she recently bought pieces of land exceeding 1 million pyong in area in the form of a lease.

Regarding the source of this fund, there are three different pieces of speculation among the intelligence communities in various countries: First, it is her money bequeathed from her deceased husband; second, they are the funds of the Unification Church; third, it is the assets of influential North Koreans secretly taken out overseas. There is no knowing which of the three is the correct answer. But it is not an ordinary matter that Pak Po-hui, the powerful man of the Unification Church, risking his own personal safety, attended Kim Il-song's funeral escorted by Pak Kyong-yun.

#### **Ministry on Details of N-S Business Contacts**

*SK2609020094 Seoul YONHAP in English 0147 GMT  
26 Sep 94*

[Text] Seoul, Sept. 26 (YONHAP)—A total of 13 domestic business groups have contacted North Koreans in 52 cases since 1989, the Trade, Industry and Energy Ministry said Saturday.

The ministry reported to the National Assembly, which is inspecting government agencies, that as of last month's end 13 business groups had filed applications to contact North Koreans with the National Unification Board since the government announced guidelines on inter-Korean exchanges and cooperation on June 12, 1989.

Of the 13, seven groups have met with North Koreans to discuss business related to textiles such as synthetic fibers, cotton, dyeing and sewing.

Lucky-Goldstar and Daewoo topped the list with eight cases apiece, with the former keen on sewing, apparel and oil refining and the latter on establishing an industrial complex in Nampo, joint fisheries and development of a zinc ore mine.

Ssangyong and Kolon have met North Koreans six times each to sound out the prospects of footwear and marine product processing and of textiles including weaving, dyeing and sewing, respectively.

Samsung has recorded five contacts with North Koreans on sweaters, food and electronic products, with Dongyang doing so four times to examine setting up a cement plant.

Hanwha, Hyosung and Kohap have met with North Koreans three times apiece to discuss joint ventures in polyvinyl chlorides (PVCs), sewing, wallpaper and apparel and in bedclothes and synthetic fibers, respectively.

Lotte and Jinro have made two contacts each regarding construction of a department store and the business of soju liquor, fruit processing, fish processing and glass bottles, respectively. Hyundai and Hanil have met with North Koreans once on cotton spinning and weaving and on acryl spinning and sweaters, respectively, according to ministry statistics.



Meanwhile, Daewoo and Kohap visited North Korea for business purposes.

After Daewoo Chairman Kim U-chung visited North Korea on Jan. 15, 1992, to discuss construction of the Nampo industrial complex, the group sent a working-level investment team on Oct. 6 of the same year for a feasibility study.

Kohap Chairman Chang Chi-hyok also visited North Korea on Sept. 22, 1992, to discuss the establishment of a synthetic fiber plant.

Furthermore, the ministry report showed that contacts made by domestic businessmen, including those from big business groups, with North Koreans in third countries have been rising with 105 cases (89 trade and 16 investment) in 1991, 219 cases (114 trade and 105 investment) in 1992 and 230 cases (113 trade and 117 investment) last year.

This year, such contacts stood at 196 cases (109 trade and 87 investment) at the end of August, while trade volume between South and North Korea amounted to 131.20 million U.S. dollars with 120 million dollars in imports and 11.20 million dollars in exports.

Gold and zinc ingots topped the list of imports with 41.79 million dollars and 26.81 million dollars, respectively, while textiles and chemicals led exports with 8.67 million dollars and 10.42 million dollars, respectively, according to ministry data.

**Foreign Investment in DPRK Totals \$150 Million**  
*SK2609101294 Seoul YONHAP in English 0712 GMT 26 Sep 94*

[Text] Seoul, Sept. 26 (YONHAP)—North Korea attracted 133 foreign companies whose investments totalled 150 million U.S. dollars from September 1984, when it established a law promoting joint ventures with foreign firms, through the end of last year.

According to material submitted by the National Unification Board to the National Assembly Monday for use in its coming inspection of the board, Pyongyang has invited 38 South Korean companies to send missions thus far.

Most foreign companies investing in North Korea are small firms run by pro-Pyongyang Korean entrepreneurs in Japan. The political risks and poor investment environment have kept companies from the United States, Germany and other Western countries from investing in the cash-strapped communist state.

No foreign investment in the Najin-Sonbong free trade zone has been recorded, despite North Korea's having set aside this area to encourage foreign investment.

**South on Steps for North Economic Cooperation**

*SK2709095294 Seoul YONHAP in English 0750 GMT 27 Sep 94*

[Text] Seoul, Sept. 27 (YONHAP)—Seoul is working on rules governing preliminary steps toward economic cooperation with Pyongyang such as the establishment of offices in the North.

Assistant Economic Planning Minister Kim Tae-yon disclosed Tuesday that the National Unification Board (NUB) is formulating "guidelines concerning the setting up of offices in North Korea," allowing local enterprises to open offices in the North even before inter-Korean economic relations are normalized.

The disclosure was made at the 13th new economy promotion conference held in Seoul with President Kim Yong-sam presiding.

The guidelines, due to be completed before year's end, will permit only non-profit tasks such as information collection, market surveys and commercial discussions, according to the senior official.

Anticipating rapprochement with the North, the government is also drafting "regulations governing inter-Korean economic cooperation projects." The rules will stipulate, among other things, the necessary qualifications for enterprises to enjoy financial assistance under the South-North Korean exchange and cooperation fund, official sources said.

**Meeting of ROK-Japanese Military 'Expected'**

*SK2409111394 Seoul CHUNGANG ILBO in Korean 24 Sep 94 p 2*

[Text] For the first time in history, a meeting of working-level military officials between the ROK and Japan is expected to be held earnestly. Along with this, meetings to exchange ROK-Japanese military information, as well as meetings on ROK-Japanese security cooperation, will be further strengthened.

According to a Defense Ministry inspection report submitted to the Parliamentary Defense Committee on 23 September, in August Japan proposed holding a meeting of working-level military officials this October or November; the ROK has reportedly expressed a willingness to accept.

If the holding of the meeting proceeds, businesslike and practical discussions between the two sides are expected to focus on jointly coping with the DPRK. Therefore, this will serve as an important occasion for the ROK and Japan to develop their relations into a security cooperation system. Thus, it is attracting attention.

After normalizing diplomatic relations in 1966, the two countries opened an office for military attaches in their capitals. Since then, they have maintained "their partnership for security" by conducting joint naval exercises



and meetings to exchange military information. However, defense experts feel that the upcoming meeting of working-level military officials will lead the two to more closely strengthen their military relations beyond the limit of a mere exchange of military information. The reason both countries are further strengthening their security cooperation is because they feel the need to jointly deal with North Korea's nuclear threat, with the political unrest following Kim Il-song's death, and with the North's development of long-range ballistic missiles, including the Nodong and Taepodong. The defense experts predict that during the meeting of working-level military officials, the ROK and Japan will discuss concrete and detailed military matters such as military policy, strategy, and operations to jointly deal with the DPRK in emergency situations, as well as the DPRK's political and military moves, including its nuclear development. It has also been learned that the meetings to exchange ROK-Japanese military information, which began in 1969, have numbered 156 to date, while mutual visits by high-ranking military officials, including officials above the chief of the General Staff level, have numbered 48.

The Defense Ministry said in its report: "ROK-Japanese diplomatic joint cooperation is needed to deal with the DPRK in view of the ROK's security policy toward the North."

#### **Expansion of UN Security Council Veto Opposed**

*SK2709104894 Seoul YONHAP in English 1011 GMT 27 Sep 94*

[Text] Seoul, Sept. 27 (YONHAP)—The South Korean Government is opposed to any expansion of the veto right of the U.N. Security Council [UNSC], a government source said Tuesday.

"The government also believes that the exercise of the existing veto right by the UNSC permanent member countries should be restricted in the future," the source said. He said the government's idea is that the number of the permanent member countries should be kept at the present level and that there should additionally be a third group of eight to 10 non-permanent member countries without the voting right.

"The existing permanent member countries should refrain from exercising veto right as much as possible and on a long-term basis there should be some device to control the exercise of the veto right," he said.

A Foreign Ministry official, too, said the government's firm position is that no expanded veto right should be allowed in any reorganization of the Security Council. Since there is a room for the abuse of the existing veto right, a mechanism should be prepared in the future to restrict the exercise of the right, the official added.

#### **DLP Studying Assembly Ratification of WTO**

*SK2409075094 Seoul YONHAP in English 0453 GMT 24 Sep 94*

[Text] Seoul, Sept. 24 (YONHAP)—The ruling Democratic Liberal Party (DLP) is considering getting the World Trade Organization (WTO) ratified by the end of next month or early November as soon as interpellation sessions end in the National Assembly.

The ruling party is basing its strategy on the grounds that such leading players in the Uruguay Round (UR) as the United States, Japan and the European Union (EU) are expected to approve the WTO in October and that a delay in National Assembly ratification might hamper work on the 1995 budget bill.

Floor leader Yi Han-tong said at a high-level party executive meeting Saturday [24 September] that "WTO ratification has entered a stage of adjustment in each country. The United States and Japan plan to handle WTO ratification in October and the EU is expected to do so around October."

The National Assembly is scheduled to inspect government agencies for 20 days starting Sept. 28, to hold speeches by negotiating bodies and interpellation until Oct. 27 and to begin budget deliberations on Oct. 28.

#### **Cultural Attache Posts Created in Four Nations**

*SK2609122094 Seoul YONHAP in English 0842 GMT 26 Sep 94*

[Text] Seoul, Sept. 26 (YONHAP)—The cabinet on Monday approved an amendment to the organization of the Foreign Ministry, featuring the creation of six cultural attache posts in four countries.

The Ministry of Culture and Sports reported that with the cabinet approval, one grade-two, one grade-three, two grade-four and two grade-five officials will be sent to four countries as soon as possible.

Of the six, two will be posted in New York and Paris and one in Tokyo and Beijing. "They will serve either at Korean Embassies or cultural centers there," a ministry official said. He said their duties will include introducing Korean culture abroad and collecting information on foreign cultures. The existing Korean cultural centers in Los Angeles, New York, Paris and Tokyo will continue to be operated by the Ministry of Information.

#### **Parliament Begins State Administration Inspection**

*SK2709035194 Seoul YONHAP in English 0246 GMT 27 Sep 94*

[Text] Seoul, Sept. 27 (YONHAP)—The National Assembly starts a 20-day inspection of state administration Wednesday after winding up committee-level deliberation of the government's settlement of accounts and reserve funds for last year.



The parliamentary inspection, the seventh since its restoration in 1988, will last until Oct. 17 and cover 343 government organizations and agencies.

During the examination period, the ruling and opposition parties are likely to engage in heated debate over the results of the civilian government's reform policies with an eye to influencing next year's local elections and the fiscal 1995 budget bill.

The major targets of the parliamentary inspection this year are expected to be the embezzlement of tax revenues by officials from Incheon city's Puk-ku (North ward) office, the recent serial kidnap- murders by the "Chijon-pa" gang, the second administrative rezoning program and inter-Korean relations in connection with the row over the North's nuclear program.

Moreover, friction between parliament and the administration is shaping up over the real-name financial transaction system, chaotic National Tax Administration and the stiff public security-oriented posture after the controversial remarks by Sogang University's president on "Chusapa" (followers of North Korea's self-reliance ideology).

Turbulence is forecast for the parliamentary inspection as the ruling Democratic Liberal Party [DLP] and the main opposition Democratic Party [DP] differ over the selection of witnesses and reference persons.

The DP insists no exceptions should be made in selecting witnesses and reference persons, regardless of their levels and posts, while the ruling party holds that selection for political motives is unacceptable.

The opposition party wants to call as witnesses Sogang University President Pak Hong, Prosecutor Kim Chae-ki of the high prosecutor's office, Supreme Court Chief Justice Yun Kwan and President Kim Yong- chun of the Constitutional Court.

For its part, the ruling DLP opposes the opposition demand on the grounds that a probe is under way into the controversial Chusapa and that the separation of powers (administration, legislature and judiciary) should be respected.

#### **Presidential Offices Official Arrested for Fraud**

*SK2609101494 Seoul YONHAP in English 0716 GMT 26 Sep 94*

[Text] Seoul, Sept. 26 (YONHAP)—A Chongwadae [presidential offices] official was arrested Monday on charges of fraud, the victim of an anti-corruption drive the government is pushing after the exposure of a scandal involving tax officials.

A special investigative team from the National Police Agency arrested Yi Yong-ok, 44, an administrative official at the presidential mansion, on charges of swindling a golf course representative out of a membership card worth about 62 million won (77,300 U.S. dollars).

Chongwadae dismissed Yi last Saturday in connection with the alleged fraud.

Yi told the president of Sangyong Development Corp., Kim Kyu- yong, last May that he would sell membership cards for a golf course Sangyong is constructing in Gapyong County, Kyonggi Province, to senior officials of government-run companies, according to police.

In return for his proposal, Yi received a course membership card and 1 million won in cash from Kim. Yi was even treated to a sumptuous bash which cost about 4 million won.

#### **Incheon To Sue Officials Accused of Embezzlement**

*SK2609101094 Seoul YONHAP in English 0647 GMT 26 Sep 94*

[Text] Incheon, Sept. 26 (YONHAP)—The Incheon city administration decided Monday to sue the tax collectors and consultants arrested for embezzlement, demanding they return the stolen tax revenues under the law governing the responsibility of accounting-related officials, city officials said.

In the massive case of tax embezzlement committed by tax collectors and consultants, the city will sue both groups to recover the stolen tax revenues on behalf of those taxpayers who used the consultants' services.

In support of this action, the city has provisionally seized the properties of six arrested tax collectors and consultants in a bid to prevent them from selling the properties before the embezzled tax revenues are returned.

For those taxpayers who have evaded payment by bribing tax collectors, the city will levy a 75-percent fine in addition to the assessed amount they failed to pay. The officials, estimating the stolen tax revenues at more than 10 billion won (12.5 million U.S. dollars), said the action would not bring a full recovery of all embezzled tax revenues.

#### **Institute Analyzes Impact of Expansion of Ports**

*SK2409041894 Seoul THE KOREA HERALD in English 24 Sep 94 p 8*

[Text] An expansion of container terminals at Pusan and Kwangyang ports would enable the local ports to handle about one fourth of all transshipment cargo which passes through East Asia, bound for China by 2000, the Korea Maritime Institute (KMI) said yesterday.

A KMI report predicted that transshipment cargo bound for China via East Asian ports would reach 2.76 million TEUs (20-foot equivalent units) in 2000.

Of the total, the report said, Pusan and Kwangyang ports equipped with modern container terminal facilities and good marketing strategies would accommodate 578,600 TEUs or about 21 percent.



Japanese ports are expected to handle about 717,500 TEUs of container cargo bound for China via East Asian ports by 2000, compared with 1.46 million TEUs for Hong Kong.

The KMI report said that a facility expansion at Pusan and Kwangyang ports would give the two local ports an added competitive price edge over such Japanese transshipment ports as Kobe, Yokohama and Tokyo. The report predicted that the local ports would grab most of transshipment cargo bound for Shanghai from Japanese ports.

Pusan Port handled 67,500 TEUs and 100,100 FEUs (40-foot equivalent units) of transshipment container cargo in the first half of this year.

#### **Auto Industry Sales Rise in Developing Nations**

*SK2409041394 Seoul THE KOREA TIMES in English  
24 Sep 94 p 16*

[Text] The domestic auto industry, which is rapidly losing markets in advanced countries, is aggressively stepping up sales in developing countries and now has the largest shares in eight of them, business sources said yesterday.

Armed with its price competitiveness, Hyundai Motor Co. took first place in terms of sales among foreign producers in Brazil during the first half of this year, thrusting its tough Japanese rivals behind it.

Hyundai sold 11,380 units for a 13.8 percent share, followed by Mazda with 13.6 percent, Honda with 10.4 percent and Mitsubishi with 8.5 percent. It stood first in Puerto Rico with a 16 percent share, well ahead of General Motors and Ford of the United States which had a stronghold in the South American country [as published], according to the sources.

Kia Motors Corp, the nation's number two car maker capable of producing 700,000 units yearly, sold 4,000 nine-seat Besta vans in Brazil during the first six months, taking the first position among imported autos in South America's largest market. It also emerged as the largest motor vehicle exporter to Syria with sales of 2,100 Ceres farm trucks.

Daewoo Motor Co., based on its successful advance in Central and South America last year, turned its eyes to Middle East and African countries earlier this month. It sold 2,500 units in Iran, 1,500 units each in Lebanon and Nigeria and 240 units in Algeria to take the largest shares in the less developed economies.

Daewoo's sales in Lebanon and Nigeria were more than the number of all motor vehicles Japanese automakers sold during the period.

The sources explained that local producers' attack in countries which world leaders have neglected because of

their smaller market sizes has started paying off, foreseeing that the trend would remain solid for the time being.

The three big Korean automakers are increasingly focusing on less competitive markets rather than the United States and European countries as they are no longer offering attractive prices for their levels of quality there.

#### **Samsung, 31 Firms Form Aircraft Consortium**

*SK2709024394 Seoul THE KOREA TIMES in English  
27 Sep 94 p 8*

[Text] Samsung Aerospace and 31 other local enterprises have formed a consortium to develop commercial aircraft with 100 seats. Samsung, which will lead the development project, recently submitted a report on the establishment of the consortium and business plan to the Ministry of Trade, Industry and Energy. Among the 31 other partners are Korean Air, Daewoo Heavy Industries, Goldstar Precision, Hyundai Technology Development, Kia Machine Tool, Halla Shipbuilding & Heavy Industries and Kumho.

In the report which the ministry will soon endorse, Samsung said that the consortium was set up in the form of a cooperative instead of an independent corporation. Samsung said that other domestic enterprises which seek to take part in the development of the 100-seat commercial aircraft will be permitted to join the consortium. The Korean consortium will jointly develop the aircraft with China.

Specifically, a pilot aircraft will be developed by 1998 at a cost of \$1.2 billion which will be evenly shared by the two sides.

#### **Corporations Plan Expansion, Diversification**

*SK2409041994 Seoul THE KOREA HERALD in English  
24 Sep 94 p 8*

[Text] Corporations are planning to expand capacity and branch out into new areas on a scale that has not been matched since the late 1980s when huge investments were made in the petrochemical industry. Many of the investments planned by heavy and petrochemical corporations are measured in trillions of won. Large-scale investments reflect a boom in steel, shipbuilding, auto, semiconductor and petrochemical sectors.

Heavy and petrochemical industries that have in the past strived to develop technology and increase productivity have gained a competitive edge in the world market. The worldwide economic recovery and the appreciation of the Japanese yen have also helped the corporations to ride a boom. Many of the products they export compete against Japanese exports, which has been made more expensive by the stronger yen, in the world market.

The Hyundai Business Group dropped a bombshell recently when it disclosed that it plans to invest 7.7



billion won to build an integrated steel mill and compete against Pohang Iron and Steel Co. (POSCO).

The government promptly came to support POSCO in its opposition to Hyundai's planned investment, which it argued would lead to the production of more steel than can be sold in the domestic and overseas markets.

POSCO is planning to invest more than 4 trillion won by 1999 to expand capacity at its Pohang and Kwangyang mills and build a new factory in South Chungchong Province. Other steel makers are also planning to expand their capacity or build new mini mills.

If investments are made as planned, Korea's steel production would increase from the current 35 million tons a year to 60 million tons by 2000. Competition is also intensifying in shipbuilding.

Samsung Heavy Industries Co. is scheduled to dedicate a new dock to build very large crude carriers next month. Samsung has spent more than 200 billion won for dock construction.

Hyundai Heavy Industries Co. also plans to spend 540 billion won to build two docks similar to Samsung's by the end of this year.

Halla Engineering and Heavy Industries is scheduled to dedicate a shipyard with two large docks at year-end.

Hyundai Motor Co. has started to build a factory in South Chungchong Province, which will produce 300,000 passenger cars a year. One trillion won will be spent by the end of 1996.

The government has yet to give the green light to Hyundai to set up a plant capable of producing 500,000 cars in South Cholla Province by 1997.

Kia Motors Corp. plans to spend 1.5 trillion won on a new passenger car plant in Kyonggi Province by the end of 1997. The plant will have the capacity to assemble 300,000 cars a year.

Ssangyong Motor Co., which now produces four-wheel-drive vehicles, trucks and buses, is slated to branch out into passenger car assembly. It aims to spend 1.5 trillion won on a plant capable of assembling 300,000 cars a year during the period from November this year to the end of 1998.

With the market expected to shape up for 16-megabit dynamic random access memory (DRAM) chips next year, Samsung Electronics Co. is scheduled to spend 2.4 trillion won on facility expansion during the period from 1992 to 1996.

Hyundai Electronics Industry Co. and Goldstar Electron are spending 1.6 trillion won each on new 16M DRAM facilities.

Samsung and Hyundai are also spending billions of won on flat display panels.

### **Kumho's Efforts To 'Overcome' Competition Viewed**

SK2409061294 Seoul THE KOREA HERALD in English 24 Sep 94 p 8

[By staff reporter Yu Kun-ha]

[Text] Compared with other Korean chaebols, the Kumho Business Group has a rather simple business portfolio. This is the result of two rounds of massive restructuring—one in the early 1980s and the other in recent years—which was undertaken by group chairman Pak Song-yang.

Presently, Kumho's main business lines are tire manufacturing, air and land transportation, petrochemicals, housing construction and leisure businesses. In the years to come, Kumho may seek to expand its business portfolio but for the time being, it is likely to focus on these domains.

"At the moment, Kumho's primary concern lies not in expansion but in the normalization of the debt-ridden airline business," said Pak Chan-ku, president of Kumho Monsanto Inc., who leads a task force to forge a new vision for the group in the coming 21st century.

Since its inauguration in 1988, Asiana Airlines has been accumulating debts because of the heavy investment requirements during the initial years.

But just as every cloud has a silver lining, the airline company has begun to show signs of a turnaround. According to Kumho officials, Asiana is likely to produce an operating profit this year, small as it may be. Kumho is determined to foster Asiana into one of the world's best airlines.

If the airline operation symbolizes Kumho's rising stature in the service industry, its presence in the manufacturing sector can be felt in Kumho & Co., one of the world's top 10 tire manufacturers.

Kumho & Co. had helped the group push into the petrochemical industry in the 1980s just in the same fashion as the highway bus operation motivated it to move upstream into tire manufacturing in the 1960s.

Tire manufacturing was an offshoot of the group's prospering highway operation in the 1950s. The bigger the bus fleet became, the more tires it consumed. So Kumho decided to manufacture tires on its own.

The tire business grew rapidly in the 1970s with the successful advance into foreign markets. The growing tire production capacity in turn necessitated a stable supply of synthetic rubber, one of the raw materials for tires. Hence Kumho jumped into synthetic rubber production.

Based on its experience in rubber production, the group diversified into rubber chemicals and other fine chemicals in the mid 1980s. In the petrochemical sector, it has



six subsidiaries, mostly joint ventures with foreign companies, which anchor the group's vision to become an integrated new material powerhouse in the future.

Now, tire manufacturing accounts for about one third of the group's total annual revenue. Last year, Kumho & Co. registered 910 billion won (about \$1.13 billion) in turnover.

For the tire company, however, this year is an unfortunate year. It suffered a painful labor strike which lasted for about a month since late June. Sales losses stemming from the dispute are estimated at around 100 billion won, an amount large enough to frustrate the firm's bid to pass the one trillion mark in turnover for the first time this year.

The strike came at a time when the company was all out to overcome intensifying competition in the world tire market. So it was all the more painful. "Painful as the strike was, it's over now. We are redoubling efforts to make up for the losses," said Cho Cha-yon, a director at Kumho & Co. who is in charge of strategic planning.

According to Cho, the Korean tire industry, like other domestic manufacturing industries, is facing competition from two directions—the technologically advanced producers in Western nations and the low-cost producers from developing countries.

"Competition began to intensify in the late 1980s following the hectic merger and acquisition (M&A) boom among big tire manufacturers," Cho said.

Through M&A, such leading tire producers as Michelin of France, Goodyear of the United States and Bridgestone of Japan grew bigger. They then began to expand their product portfolios from premium tires to medium and even to low-end tires.

The strategy of the three big makers was to secure a dominant position in each segment of the tire market, aiming ultimately to monopolize the whole world market between themselves.

"As a result, Korean tire manufacturers began to face competition in the medium tire market not just from second-class producers but from the first-class makers," Cho said.

For Korean producers, the only way to cope with the new situation was to improve technology and penetrate into the premium tire market.

"To upgrade our technological standard, we needed to borrow new technology from advanced makers. But no firm in the first class was willing to transfer technology to us," Cho said.

This left only one option to Korean producers: To develop new technology on their own. Hence, Kumho has been stepping up research and development efforts from around 1990.

In that year, the tire company set up a technical center in Akron, Ohio, of the United States, the world mecca of the tire industry.

"The center has already designed a large number of products that cater to the tastes of American consumers. These products will hit the market next year," said Mun Chae-chang, an executive who heads the Kumho R&D Center in Kwangju.

According to Mun, the technical center in Akron has thus far concentrated on designing new products. But in the years to come, it will focus on applied research concerning noise and vibration control and basic research aimed at developing new materials.

"Within this year, we plan to set up a similar R&D center in Europe, probably in Frankfurt, Germany. In some technological areas, Europe is more advanced than the United States," Mun said.

The planned R&D center in Europe will also first begin with designing new products tailored to the preferences of European consumers and then move into applied and basic research.

According to Mun, Kumho also plans to open its third overseas technical center in Japan in 1996.

"By the year 2000, our R&D personnel will grow from the present 254 to 908. Of them, 272 will be foreign researchers. At the same time, our R&D spending will grow sharply," Mun said.

"Chairman Pak is pressing us to spend more on R&D. To improve our design and testing capabilities, he allowed us to purchase a supercomputer worth \$10 million," Mun added.

The supercomputer is scheduled to arrive in June next year. Some outsiders may wonder why a supercomputer is necessary to manufacture a product like tires which looks so simple. But the process of designing and testing a new tire requires a high-level of expertise in mechanical engineering, high polymer chemistry and other sciences. A powerful computer with the gigahertz-class speed is essential to shorten the designing and testing period.

"As we are determined to catch up with foreign industry leaders through massive R&D investments, we will be able to rank among the top five around the year 2000," Mun predicted with confidence.

#### **Losses Due to Strikes Decrease in 1994**

SK2709034694 Seoul YONHAP in English 0209 GMT  
27 Sep 94

[Text] Seoul, Sept. 27 (YONHAP)—Thanks to a decrease in labor disputes in recent years, economic losses stemming from strikes this year have declined from 1993.



According to a report submitted by the Labor Ministry to the National Assembly, production losses resulting from labor disputes until Tuesday this year were estimated at 1,400 billion won (1,750 million U.S. dollars), or a 32.6-percent reduction from 2,087.2 billion won (2,601.5 million dollars) last year.

Estimated production losses from union disputes amounted to 1,438.7 billion won in 1990, 1,231.7 billion won in 1991, 1,958.6 billion won in 1992 and 2,087.2 billion won in 1993. The notable increase last year was due to a series of strikes by Hyundai Group unionists in the Ulsan area.

On the other hand, the number of union members arrested in connection with work stoppages stood at 53 this year, nearly five times the 11 arrests made last year. Unionists placed on the wanted list also rose from three in 1993 to seven this year. These increases were attributed to illegal strikes by the Korea National Railroad and Seoul Subway Corp.

The amount of compensation demanded by management in lawsuits filed against labor unions involved in illegal strikes totalled 4,683.4 million won in 1993 and 1994. These suits were brought by five enterprises. The lion's share of the total, 4,400 million won, is being sought by Seoul Subway Corp. against its trade union for losses allegedly sustained during the union's illegal work stoppage in June.

#### **Wage Costs at Manufacturing Companies Surge**

SK2409041594 Seoul THE KOREA TIMES in English  
24 Sep 94 p 16

[Text] Wage costs at manufacturing companies have surged at a faster pace in Korea over the last 12 years than in any of 10 industrialized and two Asian developing countries.

According to the Korea Productivity Center [KPC] yesterday, Korea's manufacturing companies witnessed their wage costs rise by 8.51 percent annually from 1980 through 1992, the highest rise among the surveyed countries.

During the 12-year period, nominal wages at Korea's manufacturing surged by 15.17 percent annually while productivity gains stood at 6.66 percent per annum. Wage cost gains equal growth of nominal wages minus productivity gains.

Except for Korea, not a single country saw more than 6-percent wage cost growth. The 12 countries surveyed broke down to 10 industrialized countries such as the United States and Japan and Singapore and Taiwan, according to the KPC.

Sweden placed second in wage cost growth at 5.77 percent. Japan and Belgium registered negative gains during the period.

#### **Survey: Improved Income Distribution Structure**

SK2409042194 Seoul THE KOREA HERALD in English  
24 Sep 94 p 8

[Text] While the latest series of kidnaps and murders are attracting the nation's attention to the equity of wealth in Korea, the nation's income distribution structure has continuously improved, at least by the official figures.

According to a recent government survey on income-earning families in 68 cities, the so-called "Gini's coefficient," which tends to move downward in proportion to equity level of income distribution, kept falling from 0.3114 in 1985 to 0.2817 last year.

In 1965, the total income of families in the lower 40 percent class was about 46.2 percent of that of the upper 20 percent families, but the comparable ratio rose to 50.6 percent in 1990, another government tally showed.

The problems is that these numerical improvements have yet to be felt by the lower-income people, a private survey has shown.

According to the poll conducted by Hanyang University on 5,110 families throughout the country, six out of every 10 respondents said the gap between the rich and poor has widened even more over the past five years. About 56 percent also said that the disparity of wealth would worsen in the next five years. Korean people, while holding a strong belief in the equity of wealth, seldom believe in statistical improvements, the survey said.

Most Koreans seem to acknowledge the existence of haves and have-nots in a capitalist society but do not agree to illegal and unfair methods in amassing a fortune by some well-to-do people.

#### **Water Rationing Measures Due to Serious Drought**

SK2409034794 Seoul YONHAP in English 0250 GMT  
24 Sep 94

[Text] Seoul, Sept 24 (YONHAP)—Some areas in North Kyongsang Province have started rationing water to combat drought, which is said to be the most serious in 20 years.

Hardest hit is the northern part of North Kyongsang Province, with the water supply to Kyongju, Pohang, Yongil and Yongchon being limited.

Yongchon dam, which supplies 320,000 tons of water daily to the Pohang city region including Pohang Iron and Steel Co. (POSCO), began a phased rationing of water on Sept. 5. Consequently, Pohang city and Yongil County have reduced their daily water supply to 14 hours a day.

POSCO is meeting its industrial water needs with 29,000 tons replenished by underground sources. Pohang city



has launched underground water development projects capable of supplying 19,000 tons of water per day.

Rainfall near dams in the region stands at 690 millimeters so far this year, 64 percent of the annual average, and the water reserve ratio at the nine multipurpose dams in the country including Soyang dam amounts to 41.5 percent of the annual average, according to the ministry of construction.

Should the drought last longer, the multipurpose dams will be forced to suspend water supply from mid-January until late March next year, a ministry official said Saturday.

To combat the drought, the multipurpose dams quit supplying agricultural water on Sept. 20 and discharging the minimum amount of water necessary for power generation from Sept. 20.



## Burma

### Articles View SLORC-Aung San Suu Kyi Talks

#### Meeting To Lower Criticism

BK2409131394 Bangkok *THE NATION* in English  
24 Sep 94 p A7

[Article by Yindi Loetcharoenchok: "Meeting Shows Slorc's Recognition of Suu Kyi's Influence"]

[Text] To the general Burmese populace, the meeting on Tuesday between top Burmese junta leaders and their detained arch-critic Aung San Suu Kyi has revived hopes for peace and reconciliation, if not democracy, in their country which has been torn apart by nearly five decades of political unrest and armed conflicts.

Although the meeting was universally welcomed by both Burmese and Burma watchers who have been monitoring the political and human rights situation, most believed the junta organized the first encounter between the political antagonists to lower international pressure and criticism. Interestingly, the meeting took place just days before the United Nations was to begin its annual General Assembly in which the human rights situation in Burma has been fiercely debated in recent years. The UN Human Rights Commission is also preparing to send a new special envoy to Burma to assess the human rights situation there.

While exiled Burmese opposition and students remain suspicious of the motives behind the move and believe that the ruling State Law and Order Restoration Council (Slorc) has scored a lot of undeserved credit from the worldwide-publicized event, some Burma observers said both Suu Kyi and Slorc have gained from their meeting.

Suu Kyi's first public appearance in nearly six years is a great boost to the sagging morale of Burmese opposition and exiled dissidents whose political strength and activities have been clipped to near ineffectiveness. Her appearance is also "a condition" or "bond" tying the Slorc to a commitment to engage her in resolving Burma's political problems.

Although Slorc had previously indicated that any prospective bilateral talks would be informal and that no political issues would be discussed, the brief televised broadcast projected the importance of the gathering.

The 57-second news coverage showed the 1991 Nobel Peace Prize laureate in a traditional Burmese costume, calling on Slorc leaders Gen Than Shwe and Lt Gen Khin Nyunt, both in full army uniform, at the Defence Service Guest House. The whole affair was organized in a very formal procedure and followed the same protocol the Slorc usually extends to visiting state guests or dignitaries. And despite the Slorc's relentless efforts to play down the significance of Suu Kyi, the event officially endorsed her as an indispensable player in the national political arena.

It also suggested Slorc's begrudging recognition of the popularity the 49-year old daughter of independence hero Aung San commands from the silent Burmese majority and the world at large. This support continues despite the more than five years Suu Kyi has spent under house arrest for her sharp criticism of the military's use of heavy-handed policies to quell the pro-democracy movement.

The Slorc, which repeatedly promised to meet with Suu Kyi since February obviously exploited the event to its fullest benefits, knowing the international backlash if no meeting took place—particularly with the world's leaders converging on the UN Assembly.

Some Burma observers speculated that the Slorc remains wary of the risk or threat to its existence if Suu Kyi is unconditionally released, and plans to gradually allow her back into Burmese politics at a pace that will not jeopardize its own political programme.

The Burmese media, which was authorized to publicize the meeting, carried neither substance nor duration of the talks, except for brief shots of the three people greeting, smiling and chatting amicably and the remarks that the meeting was "cordial".

One observer in Thailand noted that Slorc itself "is losing its patience" that Suu Kyi, after over five years under detention, has not relented to go into foreign exile in exchange for her freedom. He opined that Suu Kyi, in fact, "has endured no pressure or time constraint" after all these years while her detainers have to bear the brunt of their own actions in confining her.

"I don't really know who is actually the prisoner of whom?" he said.

Surprisingly, the observer's views reflected that of the captive herself. When asked in an interview early this week from England whether the Tuesday meeting signified a de facto freedom for Suu Kyi, Sayadaw Rewata Dhamma, an exiled senior Buddhist monk, said "maybe she is still under house arrest."

The Burmese monk, who met Suu Kyi and both Than Shwe and Khin Nyunt in August during which he served as their go-between, quoted the pro-democracy detainee as saying that "she herself does not want to be released because she is living very comfortably for the time being."

Some Burma critics noted the meeting was a clear indication that both Suu Kyi and Slorc are willing to compromise to work out a peaceful solution to the country's political sickness.

The critics who are ready to give the Slorc the benefit of doubt speculated that the talks, which reportedly lasted 1 ½ hours, were a mere exchange of pleasantries and carried no deep political substance. They, however, believed that more face-to-face dialogues will take place, though it is likely to be a lengthy process. But Burmese



opposition and students remain sceptical of the Slorc's motives and dubbed the meeting "a public relations exercise."

"They argued that the military junta has a poor reputation of honouring its promises and cited as proof Rangoon's refusal to respect the result of its own general election in May 1990 in which Suu Kyi's party, the National League for Democracy, swept an overwhelming 80 per cent of the vote.

They called on the Slorc to begin "a serious and substantial political dialogue" with Suu Kyi by first releasing her from house arrest and, as a gesture of national reconciliation, abandon the national convention, release all political prisoners and stop all forms of human rights violations.

Suu Kyi, they said, "should have free access to the media and the right to communicate and consult with anyone she deems necessary" to "ensure that the talks are fair and objective."

The Slorc itself cannot deny that it has destroyed its own credibility and that the people will remain doubtful of whatever activities it undertakes. The military's continued harassment of political opponents and rural ethnic populations only serve to undermine whatever trust and confidence the government is trying to build with the Burmese population.

Worst of all, only moments before the report on the meeting with Suu Kyi was aired, the state run television reported on a Slorc meeting held to commemorate the junta's six years in power.

In the meeting, Than Shwe urged all Slorc members, government ministers, and Slorc regional chiefs "to assess" and "review" their past activities and plan policies and programmes for the future. To many it was an ominous signal Slorc has no plans to surrender power anytime soon.

Sayadaw Rewata Dhamma noted that the Slorc is aware of its precarious situation. He quoted Than Shwe and Khin Nyunt as telling him "many times" that they wanted to see a democratic process in Burma, "but people outside do not believe them".

### Test of SLORC's Sincerity

BK2609104694 Bangkok *THE NATION* in English  
26 Sep 94 p A6

[Article by Aung Zaw: "Meeting Follow-up Test of Slorc Sincerity"]

[Text] On the morning of September 21, Burma's military-controlled newspapers, the NEW LIGHT OF MYANMAR and THE MIRROR, sold out immediately. This was most unusual as Burmese generally prefer to listen to BBC World Service broadcasts, and find the junta's newspapers boring.

The reason for the rush to buy the newspapers last Wednesday was the photographs carried by both publications of Aung San Suu Kyi and two junta leaders smiling at their first face-to-face meeting in Rangoon. One government official said many readers wanted to keep the historic picture.

The Rangoon regime, known as the State Law and Order Restoration Council (Slorc), has finally met Burma's most famous political prisoner and 1991 Nobel Peace Prize Winner, Suu Kyi. On the morning of September 20, Suu Kyi was taken from her house to see her captors at the Tatmadaw's [Defense Services] Guest House No 1. It was the first time she had seen the outside world since she was put under house arrest in July 1989.

Rangoon radio and television reported that the talks between Suu Kyi and Slorc leaders Senior Gen Than Shwe and Secretary One Lt-Gen Khin Nyunt were "cordial" and said they had a "friendly discussions." But it gave no details of the talks between both sides. However, some observers suggested Foreign Minister U Ohn Gyaw may later release some details.

Inside sources said that the meeting lasted almost two hours. Except for a photo session the meeting was confidential, and it is believed that Suu Kyi herself had agreed earlier not to disclose any information if there was no development or breakthrough during the meeting.

Observers in Burma believe that the talks were held because of outside pressure on the Slorc. One former pro-democracy activist said contributing factors included the recent trip to China by the Slorc's Secretary One, Khin Kyunt, the US decision to invade Haiti and the current meeting of the United Nations General Assembly (UNGA).

"There are strong rumours in Rangoon and other major cities that the junta decided to meet Suu Kyi because Beijing leaders reportedly told Khin Nyunt that they will not back Slorc if they don't solve the Suu Kyi problem," said a former activist. It is also rumoured that the Chinese leaders have said they would not back Slorc if there was continuing international pressure over human rights violations and political repression in Burma.

But some observers credit British-based Burmese monk U Rewata with helping move the talks forward. The influential monk returned to Burma for the first time in 30 years in May, when he met junta leaders but was not allowed to see Suu Kyi. During a second visit in August, he was allowed to meet Suu Kyi who he had known for many years. Many Burmese believe that the monk has been playing a mediator role between Slorc and Suu Kyi.

The opposition in exile, human rights group and some observers have expressed a sceptical view of the Kyi talks, saying they don't trust the junta. They say it was no coincidence that the meeting took place just before the United Nations General Assembly convened. It is



believed that the UN Human Rights Commission is preparing to send a special envoy to Burma to investigate the Rangoon regime's human rights violations.

And while Slorc gained kudos at home and abroad for the meeting with Suu Kyi, it has recently arrested at least five well-known political activists including members of National League for Democracy (NLD). It is believed that they will be sentenced to 20 years' imprisonment.

However, the Slorc-Suu Kyi meeting offered new hope to Burmese at home and abroad. Burma observers and U Rewata said there would be further meetings in the future but all agree there is a long way to go. There is a speculation in Rangoon that the military leaders might allow Suu Kyi to meet the independent press rather than the Slorc-controlled media. US Congressman Bill Richardson, who was allowed to see Suu Kyi in February, may also meet with her again in November.

Some have predicted that Suu Kyi will be freed before the end of this year. A Rangoon-based diplomat said: "I don't think they will extend her detention for another year."

Within the junta views are apparently divided with many senior Slorc officials against the recent meeting. The BBC World Service reported that a Slorc official admitted that there is a conflict among the Slorc top brass on whether they should talk with Suu Kyi and this was apparently confirmed by Khin Nyunt in his discussions with U Rewata. This is not surprising as during Suu Kyi's election campaign in 1988-1989, one member of a military family reportedly asked his father (a military officer): "Why don't you shoot this woman?"

By holding talks with Suu Kyi, Slorc has undoubtedly gained credit, but after six years in power the Rangoon regime is still facing a credibility problem.

Burma's bitter history has proved that men in uniform break their promises and there is much evidence that the Slorc is not trustworthy. Five years ago, the present military leaders promised to hand over power to the election winners, but when Suu Kyi's party, NLD, won the election they refused to do so. And while they were meeting with Suu Kyi, they have been holding the National Convention (NC) which the Slorc has insisted must guarantee the military a "leading role" in politics. It has also introduced clauses that would effectively bar Suu Kyi from ever becoming Burma's leader. Slorc's recently formed Union of Solidarity Development Association (USDA) has also increased its activities throughout the country in a bid to drum up mass support.

Thus many analysts question whether Slorc's leaders are ready to discuss the 1990 election result and detention of political prisoners. It is believed that Suu Kyi is pressing junta leaders to release all political prisoners, including top NLD leaders who are being detained.

Than Shwe and Khin Nyunt reportedly told U Rewata that they want to see a democratic process in Burma. But the question is how and when. Or is it another farce? A university lecturer in Rangoon said "...instead of paying lip service and crushing those who oppose them, they (Slorc) should practise and exercise democracy and freedom in their country." He believes that the time is now right to solve all Burma's problems, but he said: "They (Slorc leaders) are not able to do it alone, they should give the opposition a chance."

If the Rangoon gang is sincere, they will accept and respect the important role of the Burmese opposition. Further, they will prove the world that they are men of their word.

Many historic events and changes have taken place in the international arena in recent years and internationally, despots know their days are numbered. South Africa's Nelson Mandela was freed eventually, but is there a Burmese de Klerk?

## Cambodia

### Kim Chong-il Invites Sihanouk To Visit DPRK

BK2709111294 Phnom Penh AKP in English 1005  
GMT 27 Sep 94

[Text] Phnom Penh AKP September 27—North Korean President Kim Chong-il has invited King Norodom Sihanouk to visit his country to rest, care for [as received] and make films, according to message from Pyongyang dated on September 20.

Kim Chong-il who succeeded his father Kim Il-song, who died in early July, expressed thanks to King Norodom Sihanouk for marking the death of former North Korean president with his royal personal visit to the North Korean embassy in Beijing, sending a wreath of flowers to be laid next to the body in Pyongyang and organizing ceremonies in Phnom Penh to mourn the demise of the great leader.

"We hope to see you visit us often, just as you did during the time of our respected leader" Kim Chong-il said in his message.

Kim who wished the Cambodian king a long life said: "His Majesty's health is the key to peace and stability as well as the guarantee for a happy resolution of all of his country's affairs."

### \* Hor Namhong on Peace, Aid to Khmer Rouge

94SE0182A Phnom Penh REAKSMEI KAMPUCHEA  
in Cambodian 15 Jun 94 p 2

["Recent" interview with Ambassador to France Hor Namhong over Radio France International, RFI, in Paris]

[Text] [RFI] The meeting at (Chang Su Oon) was a failure because there was no decision on a cease-fire.



Based on this, can one assume that the Kingdom of Cambodia must fall into a state of war once more?

[Hor Namhong] We cannot say that the roundtable meeting in Pyongyang was a failure. There were two points decided in the first meeting:

1. The Royal Government and the Khmer Rouge would respect the territorial unity of Cambodia as it was in 1968-1969 without creating any secessionist regions in the territory of Cambodia.

2. The Royal Government and the Khmer Rouge agreed to create a roundtable committee. I understand that there really is no cease-fire, but these two points are steps forward, giving hope for the meeting in Phnom Penh to proceed.

[RFI] Samdech Krom Preah, the first prime minister, when he left Pyongyang, said that perhaps the Kingdom of Cambodia would be able to fight on against the Khmer Rouge whether or not there was any foreign aid.

[Hor Namhong] The two points which were decided in Pyongyang give new hope, but it is regrettable that the Khmer Rouge did not respond to the constant appeals of the king to stop the war and have peace.

[RFI] In your opinion, why didn't the Khmer Rouge agree to a cease-fire; was this because they believe that their army has the advantage on the battlefield or that they realize, as was stated in the letter of Khieu Samphan dated 3 May 1994, that the cease-fire is a Royal Government trick?

[Hor Namhong] The fact that the Khmer Rouge did not agree to accept a cease-fire makes it clear that they have a permanent strategic agenda which is to seize power by political and military means. But we still have hopes for the roundtable meeting on 15 June. I believe that in one or two meetings...there could be a gradual solution other than making war on each other. But from now on military conflict cannot be avoided.

[RFI] Debate has not been productive and continued fighting cannot produce a victor, so will the misery continue in Cambodia for another decade?

[Hor Namhong] It is regrettable that the Khmer Rouge did not honor the Paris Agreement or participate in the general elections; and now they continue the war spilling Cambodian blood. Therefore there are only two things that will solve this problem: a national mediation debate to stop the war; this is a priority. But the Khmer Rouge are still unrelenting in their desire to continue the war and the government has no alternative but to use military means to block the expansion of the Khmer Rouge and to stop secessionist tendencies in Cambodia.

[RFI] In the opinion of a number of Cambodians and foreigners, if the Royal Cambodian government does not try very hard to find a solution quickly, soon the Khmer Rouge will be as strong as they were during the time of

the Lon Nol republic because the Royal Government continues to encounter many problems. What do you think about this?

[Hor Namhong] More than two decades of warfare have created a difficult situation in Cambodia; the Khmer Rouge are destroying the country in every way; nothing is left. The Royal Government and the people are faced with all these problems. The Royal Government wants peace to marshal all its strength, to use every means and with aid from abroad in order to rebuild the country. It is for this reason that we strive to find a political solution with the Khmer Rouge.

[RFI] This year on 23 May was the anniversary of the UN sponsored constituent elections in Cambodia. What are your thoughts about the UN mission in Cambodia?

[Hor Namhong] That is a very important question. First of all, we are happy that there were elections which led the Cambodian society into a free democracy; this was a positive result of the elections. The political parties joined together to create the Royal Government of Cambodia. However, problems still remain, even today. The Khmer Rouge are fighting militarily, a negative result of the implementation of the Paris Accords. The date 13 June 1993 was the day scheduled by the UN Transitional Authority in Cambodia [UNTAC] for disbanding the armies and disarming all the factions. The Khmer Rouge did not implement this and UNTAC did not do anything to the Khmer Rouge let alone to the other factions; they are still armed. This situation has brought about the consequences which we continue to encounter to this day.

[RFI] According to what you have said, the blame must fall on the United Nations. Is the first mistake because the Cambodians cannot accept responsibility and lack the spirit of national mediation as Mr. Raoul Sina wrote in his newsletter No. 12?

[Hor Namhong] I believe that in his position as a newspaperman, Mr. Raoul Sina can write whatever he wants. But a situation involving a clear-cut agreement such as new roundtable meetings is proof to show who wants peace and national mediation. We can see this clearly. The government granted concessions one after the other right up to the meeting at Pyongyang and not having a prior cease-fire is as far as the Royal Government will go.

[RFI] Finally, I would like your personal opinion about how to solve the Cambodian problem and find peace. Do you believe that the superpowers should help in every way or on the other hand must this job be given to the Cambodians themselves to solve?

[Hor Namhong] First of all, the problem for the Royal Government and for the Cambodian people is with the Khmer Rouge; this is an internal problem. Cambodia must solve this problem. Secondly, there is the problem of some countries (whose names I do not wish to



mention) across whose borders the Khmer Rouge bring in weapons to kill our people. The Khmer Rouge sell the resources of Pailin, destroying the national wealth. Thirdly, I believe that the present government is the "child" of the Paris Accords which was created by the five superpowers who were the ones who organized those accords. The remaining point is the non-implementation of the military aspect of the Paris Accords. Therefore I believe that it is the duty of the major powers, especially the big countries that set up the accords, countries who signed the accords, to help find a solution for the Cambodian problem in the way the king and the royal government have appealed by providing military aid to the royal government.

### KR Radio Denounces U.S. Delegation's Visit

*BK2609140794 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 26 Sep 94*

[Unattributed commentary: "What Is the Purpose of the U.S. Military Delegation's Visit to Phnom Penh?"]

[Text] After Ar [derogative term for a man] Peter Tomsen's visit to Phnom Penh, during which he voiced support for the two-headed government to continue its military offensive against Democratic Kampuchea and the people, another U.S. military delegation led by General Mark Hamilton came to Phnom Penh.

A reliable source in Phnom Penh reported that at a ceremony to close the so-called demining course, Mark Hamilton and U.S. Ambassador to Phnom Penh Twining handed over tanks and artillery to Hun Sen, Tie Banh, Tea Chamrat, Pol Saroeun, and Ke Kimyan. Mark Hamilton and Twining jointly mapped out a plan with the two-headed elements to launch military operations against the Cambodian resistance forces and people in the coming dry season.

The people in Phnom Penh say that even with the United States giving assistance to its military adventure, the two-headed government will never be able to avoid defeat. Why? It is because the two-headed government has no soldiers left to fight. Since May 1994, the two-headed government has failed to recruit more troops because the people everywhere oppose it. The people will never allow the two-headed government to recruit them. Moreover, the two-headed soldiers have continued to flee by the dozens. The people have called on their husbands and sons to stop serving as soldiers and to return home. The two-headed army is heading toward total doom.

Therefore, the military adventure by the United States and the two-headed government in the coming dry season will fail. They will certainly fall into the guerrilla nets of the National Army of Democratic Kampuchea and people and face shameful defeats.

### KR Ministry Denounces Vietnamese Fishermen

*BK2409131194 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 23 Sep 94*

["Communique of the Ministry of Rural Areas, Agriculture, and Water of the Provisional Government of National Union and National Salvation" issued on 23 September; place not given]

[Text] According to widespread reports, increasing numbers of Vietnamese have come to settle everywhere, including along rivers and lakes. These Vietnamese bandits are intensifying their large scale activities to destroy fish in the Tonle Sap lake and other rivers and lakes.

I. The plunder and destruction of fish is something the communist Vietnamese aggressors are doing to destroy and ruin the Cambodian nation and people systematically and enable communist Vietnam to annex Cambodia. Communist Vietnam and the alliance of villains have ordered the two-headed government to continue the war so that the Vietnamese have a chance to flow into Cambodia and take over farmland in eastern Cambodia and in Cambodia's interior; the Tonle Sap, Mekong, and Basak rivers and big and small lakes in Kompong Chhnang, Pursat, Battambang, Siem Reap, Kompong Thom, Kompong Cham, and Prey Veng Provinces; and lakes in Kandal Province's S'ang and Kaoh Thom Districts. The Boeng Prasat Tayo lake has been taken over by the Vietnamese. Even the river junction in front of the Royal Palace in Phnom Penh is full of Vietnamese who reign over the area, both on the water and on the river banks. They are plundering and destroying fish at will. At sea, the Vietnamese are taking over and fishing at will. The Vietnamese fish throughout the year—during the flood season and during the period when fish lay their eggs. They are destroying the flooded forest around Tonle Sap lake, which is a spawning ground for fish.

The Vietnamese use every means of fishing. In particular, they use electric currents provided by batteries carried in boats. Hundreds of boats are involved in this fishing; they line up or form a circle to trap fish in nets or chase fish with an electric current. The Vietnamese bandits have been using these methods for 14-15 years; now they are being used on an even larger scale.

This is the cause of the depletion of fish in our rivers and lakes. Even in Tonle Sap lake—covering tens of hundreds of square meters where all kinds of fish used to be plentiful and renowned the world over—the fish stock has been depleted and destroyed by the Vietnamese. The Vietnamese who do the fishing are protected by armed forces organized into gangs and groups in Vietnamese boats and villages under the administration of chapters of the Communist Party of Vietnam and Vietnamese troops disguised as civilians.



The Cambodian people, the owners of the land, have lost their rights and cannot fish. Even people looking for fish to produce fish paste and fermented fish have been oppressed and pressured for money and taxes by the Vietnamese bandits and the traitorous state authority. The influx of up to 4 million Vietnamese into Cambodia to take over and plunder farmland, rivers, lakes, paddy, and fish very seriously affects the people's lives. Peasants are particularly hard-hit; they lead a miserable life when deprived of paddy, rice, fish, and meat. Furthermore, they are subject to oppression, plunder, robbery, extortion, and pressure to pay all kinds of taxes and duties from both the two-headed government's traitorous state authority and the Vietnamese bandits.

The plunder, destruction, and depletion of fish in rivers and lakes by the Vietnamese is part of the policy to create starvation and famine in Cambodia's rural areas and destroy the right to life of the peasants and the entire Cambodian people and nation. This process will also deplete the Cambodian population.

II. The Ministry of Rural Areas, Agriculture, and Water of the Provisional Government of National Union and National Salvation [PGNUNS] solemnly and officially declares that:

1. The Vietnamese coming to Cambodia are an aggressor and territorial expansionist force that is exterminating the Cambodian race. The communist Vietnamese aggressors have sowed great destruction among the Cambodian nation and people for 14-15 years. They are carrying on a war of aggression to massacre and exterminate the Cambodian race. The communist Vietnamese aggressors and the traitorous two-headed government are guilty of serious crimes in the eyes of the Cambodian nation and people and mankind.

2. The plunder and destruction of fish, particularly through the use of electric currents, is a serious criminal offense. Using electricity as a fishing tool is banned everywhere the world over.

3. The Cambodian people have the right to oppose and fight by every means and method to defend themselves and to safeguard the interests and resources of the nation and people. The PGNUNS absolutely and firmly stands on the side of the Cambodian nation, people, and peasants.

[Dated] 23 September 1994

[Signed] The Ministry of Rural Areas, Agriculture, and Water of the PGNUNS

### Indonesia

#### Daily on U.S. Willingness To 'Trample' Others

BK2709123894 Jakarta REPUBLIKA in Indonesian  
20 Sep 94 p 6

[Editorial: "Haiti"]

[Text] We are relieved because another human tragedy has been averted. Had Haiti been invaded by a mainly American multinational Army, there would have been a war comparable to an elephant stepping on a cucumber. The elephant would not have gained much, but the cucumber would certainly have been crushed. Many innocent people likely would have become victims of the extremely disproportionate duel. What was the pretext? To uphold humanity? Whose humanity would have been served if a large number of lives were lost?

On the other hand, the Haitian military junta's action deserves praise not because of its brilliant tactics in avoiding war, but because it did not allow itself to again "fall" into its own stupidity. The first stupidity was a coup against President Aristide who overwhelmingly won a general election. The junta did not want to sacrifice innocent people for a useless ambition; this is of paramount importance.

An added value for President Clinton, if any, was that he finally canceled his plan to crush the weak nation with machinery that he had massively mobilized around the Caribbean nation. Did he vow to restore democracy in Haiti (which was blatantly violated by the Haitian military junta)? This could console him against the bad luck befalling his administration, including a discreet forced withdrawal from Somalia after failing to bring peace to the Horn of Africa.

Indeed, Clinton must raise the number of "points" for his administration to enable him sufficient "reserves" for the next presidential election. However, will the Haiti situation raise the number of points? The Gulf war which far outweighed the duel with Haiti failed to enable George Bush to win a second term. This being the case, what other international cause must be created by President Clinton?

The U.S. Congress and American people themselves were strongly opposed to his planned invasion of Haiti. Every American victim would have decreased the scale of success. If the number of U.S. military victims had increased, tolerance would have disappeared. Thus, a victory—a loss would have plunged the United States into the abyss—would have meant nothing.

Nonetheless, how is his domestic performance? He has yet to fully settle various problems facing him personally and his administration. He won the last presidential election because he apparently attracted people who demanded reform. Whether or not he has fulfilled his campaign promises is another question because he is indeed still unable to free himself from the traditional policy of projecting the United States as world policeman.

President Clinton is now in the middle of his first term. Soon he will be busy preparing for the next presidential election. Therefore, when will he think of creating a "reformist" image which can serve as a good example for the useful development of nations in the world so that



the United States will no longer be remembered as an elephant which is always ready to trample others?

#### **Vice President Briefs Suharto on Australia Visit**

*BK2709120794 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 27 Sep 94*

[Text] Relations between Indonesia and Australia are going to be further enhanced. Vice President Try Sutrisno said this after briefing President Suharto on the results of his visit to Australia at the Presidential Office in Jakarta this morning. Speaking to reporters, Vice President Try Sutrisno said he did not view the problems facing the two nations as an irritant but rather as something dynamic in relations between nations. Both Indonesia and Australia can develop their existing potentials to enhance bilateral relations and cooperation further. According to the vice president, the two nations must develop their potentials. [passage indistinct including recorded Sutrisno comments]

Before receiving the vice president, President Suharto met with a number of Australian MP's. Martin Evans, head of the Australian parliamentary delegation, told reporters that they were very interested in efforts to enhance trade relations between Indonesia and Australia. During its talks with President Suharto, the Australian delegation expressed its high regard for the APEC [Asia-Pacific Economic Cooperation] summit to be held in Indonesia next November as a follow-up of a similar summit in Seattle in the United States last year.

#### **Australian Parliamentarians Discuss East Timor**

*BK2709055894 Jakarta ANTARA in Indonesian 1301 GMT 26 Sep 94*

[Text] Jakarta, 26 September (ANTARA)—The Australian Government and Parliament firmly recognize East Timor as part of Indonesian territory, and only a handful of Australians continue to question the handling of security in East Timor.

Martin Evan, head of an Australian parliamentary delegation, said this during a dialogue with the Interparliamentary Cooperation Board of the House of Representatives led by its chairman, Theo L. Sambuaga, at the House of Representatives Building and the People's Consultative Assembly in Jakarta today.

During the discussions, Evan was accompanied by Baden Teague, Gavan O'Connor, Peter Slipper, and Dan Cleaver Elliot of his delegation. Aisyah Aminy, chairman of House Commission I (in charge of foreign affairs, information, defense, and security); Salvador Ximenes Soares, member of the House Bilateral Cooperation Group; and Andaya Lestari, member of House Commission VII, represented the House of Representatives. Before the discussions, the Australians called on J.A. Katili, deputy speaker of the House of Representatives.

"You should no longer doubt our position. Our government and parliament have recognized East Timor as part of Indonesian territory," Evan reaffirmed.

In response, Sambuaga said the number of Armed Forces of the Republic of Indonesia [ABRI] personnel in East Timor has diminished because the ABRI organizational structure there is now similar to that used in other provinces.

According to Sambuaga, the ABRI presence in East Timor is not for combat purposes but to maintain security and help implement development programs. The ABRI is determined to reduce the number of its personnel from time to time until a normal level is reached.

To a proposal that greater autonomy be extended to the 27th Indonesian province, Sambuaga said that East Timor, like other provinces, already enjoyed autonomy.

According to him, greater attention should be paid to the enhancement of human resource development through better education, to enable the East. He said that only 5 percent of the East Timor provincial budget comes from provincial revenue, while the remainder is funded by the central government.

Ximenes Soares regretted that an Australian delegation very actively and seriously discussed the political and human rights issues during an Indonesian-Australian bilateral meeting on development in Surabaya several months ago.

The Australian delegation, however, seemed to be passive when it came to discussing investment in East Timor. Ximenes Soares said that investment is very necessary for the development of East Timor.

Commenting on bilateral relations, Aminy said that efforts should continue to improve the Indonesian-Australian balance of payments because Australia now enjoys a surplus. She called on entrepreneurs from both countries to enhance economic and trade cooperation.

#### **ABRI Commander on Security in Aceh, East Timor**

*BK2709122594 Jakarta SUARA PEMBARUAN in Indonesian 14 Sep 94 p 15*

[Text] Jakarta, 14 Sep—General Feisal Tanjung, Indonesian Armed Forces [ABRI] commander, said that latent threats of security disturbances in the provinces of Aceh, Irian Jaya, and East Timor can still trigger instability.

Answering a written question at the working meeting of the Parliamentary Commission I at the House of Representatives (DPR) in Jakarta today, Feisal said: "The remnants of the rebel movements are still stirring up disturbances just for the sake of gaining recognition from the local people and those overseas."

The working meeting was chaired by the commission's Aisyah Amini. Present were, among others, National Police Chief General Banurusman, Air Force Chief Marshal Rilo Pambudi, Deputy Army Chief of Staff



Lieutenant General Surjadi, and H.B.L. Mantiri, chief of the ABRI general staff. Feisal said that general security in the three provinces have been strengthened. The August 1994 conference in Geneva dropped the resolution on human rights violations in East Timor.

Feisal said the social situation in Aceh has been improving gradually as shown by the active participation of local people in the ABRI rural development program there.

The sense of nationalism among the people of Irian Jaya has also grown and the separatist cause is becoming increasingly unpopular, he said.

Touching on the security situation in East Timor, Feisal explained that the people are no longer paying attention to the anti-integration group. Ethnic, religious, racial and societal issues are still relatively sensitive in the province when compared to other districts, however. The role of the national police has been enhanced to expedite development of the sense of nationalism.

Feisal also said that ABRI continues its territorial operations to ensure stability in the three regions. Efforts have been increased to restrict the activities of groups causing security disturbances and to eliminate their influence on the people.

#### **Military Contingent Departs for Bosnia-Herzegovina**

*BK2609113994 Jakarta ANTARA in Indonesian 0907 GMT 26 Sep 94*

[Excerpt] Jakarta, 26 September (ANTARA)—General Feisal Tanjung, commander of the Armed Forces of the Republic of Indonesia [ABRI], said Indonesia's success in a UN peace mission will be basically a manifestation of Indonesia's commitment and role as chairman of the Nonaligned Movement [NAM].

"History shows that close relations between the Indonesian people and the Yugoslav people, who are currently facing divisions, have been ongoing for decades," the Armed Forces commander said when he saw off the Garuda XIV/UNPROFOR [United Nations Protection Force] contingent at the ABRI General Headquarters at Cilangkap in Jakarta on Monday.

As many as 219 members of the ABRI health detachment will be on duty from six to nine months in Bosnia-Herzegovina under the UN banner. They will leave for Bosnia-Herzegovina on Monday night aboard a chartered Garuda Indonesia plane. [passage omitted]

#### **Editorial on Island Dispute With Malaysia**

*BK2509134894 Jakarta MERDEKA in Indonesian 12 Sep 94 p 6*

[Editorial: "The Sipadan-Ligitan Problem"]

[Text] There has been a new development in the Ligitan and Sipadan islands dispute, in which Indonesia and Malaysia both claim territorial sovereignty over the two disputed islands. Malaysia has proposed that a "third party" should act as an arbitrator in an effort to settle the claim to the disputed islands. Malaysia's proposal was made at the third Indonesia-Malaysia cooperation meeting held in Jakarta from 12 to 16 September.

Ahmad Kamil Jaafar, Malaysia's Foreign Ministry secretary general and concurrently the leader of the delegation, stated: "Should the third Indonesia-Malaysia meeting fail to settle the dispute, Malaysia believes that the best way to solve the issue is to involve a third party." The news report said Mr. Ahmad Kamil Jaafar was reluctant to specify what he meant by a "third party"—the International Court of Justice or ASEAN's "High Council."

The spokesman for our neighboring country then said: "We have not yet come to that stage. If we do, then the choice of a third party should be agreed upon by the third party concerned." He added that for his part he prefers that the dispute over the Ligitan and Sipadan islands be settled peacefully, without involving a third party or a mediator.

Considering Malaysia's diplomatic move [preceding word in English], Izhar Ibrahim, director general of political affairs in the Foreign Ministry and the leader of the Indonesian delegation, said Indonesia considered it unnecessary to solve the issue through arbitration; it prefers bilateral political talks. He said he was not surprised by the statement made by Malaysia. He said "the Malaysians are probably bored with the protracted meetings." Moreover, Indonesia has acquired concrete new data from books and maps from the United States, Britain, and the Netherlands that further strengthen the legitimacy of the country's claim to the disputed Ligitan and Sipadan islands.

An arbitration council would have certain advantages over, say, the International Court of Justice. One advantage is that both sides in the dispute would have strong confidence in the arbitration council making a decision on the basis of its leverage, because the council members would be selected by the disputing sides. Another advantage is that the arbitration council would be more of a "peacemaker" and any decision made by the council would be impartial.

As for the first advantage, the arbitration council's leverage would be decreased if a decision by the International Court of Justice would be seen as more authoritative and also if its experts were solely interested in seeking peace. Touching on the second advantage, it should be noted that the disputing parties want a legal decision rather than one based purely on the "desire for peace."

Unquestionably, we do not want to give a "lesson" on international law to the experts from Indonesia or our



neighboring country. Whatever the decision may be, they should not feel that they are wiser and more intelligent than the international jurists in their efforts to settle the territorial dispute at the International Court of Justice in The Hague. Historically, the two sides are from the same Malay stock and have all along belonged to a group of the "Malay" empire. We cannot totally ignore this historical fact. No matter how bad Indonesia may seem, its current and future existence within ASEAN and Southeast Asia should be considered a family matter. According to the country's history, the current Malay stock in Indonesia has been courageous in its struggle against colonialism. There is a great possibility that in the future the Malay stock in the archipelago could act as a stabilizer in the southern part of the Asia-Pacific region. Indonesia could play the role of a mediator, considering the fact that Australia's presence in the region would more or less create certain problems for ASEAN. Indonesia hopes for in-depth understanding and far-reaching insight, not only from Malaysia, but from all the other members of ASEAN.

**\* Minister on Domination of Big Businesses**

94SE0234A Jakarta KOMPAS in Indonesian 15 Aug 94  
pp 1, 18

[Text] At the present time, the Indonesian economy is dominated by a small number of big businesses with large assets. On the other hand, there is a large number of small businesses, but their companies have a small amount of assets. This situation reflects the fact that the democratic goals of the economy, as mandated by the constitution, have not yet been reached, and this will weaken the entire economy.

Ginanjar Kartasasmita, minister of state for national development planning and chairman of the National Development Planning Board, made this statement at the ceremonies opening the P-4 [Guidelines for Implementing and Instilling Pancasila (Five Principles of the Nation)] upgrading course for new Bandung Institute of Technology students in Bandung on Saturday (13 August). The upgrading course, taken by 1,937 students, will end on 24 August.

Overcoming the problem of this gap, he said, is mandated by the constitution and is also very important for maintaining stability as well as economic growth and equity. One of the basic steps in the effort to increase equity is to raise up the lowest social group, that is, those whose income is below the poverty line.

In his paper entitled "Development of Human Resources in Research and Technology and Their Role in National Development," Ginanjar stated that another challenge to the effort to create development based on social justice is equity, which will overcome the gap between income groups. The wide gap between income groups, said Ginanjar, not only upsets our sense of justice but also creates an unproductive atmosphere and a national economic climate and environment which are

not synergetic. This is obvious from the dual nature of the economy—the modern sector and the traditional sector. As a result, there is an inefficient allocation of natural resources caused in part by the inability of resources to move between the modern and traditional sectors. "So that productivity, the spread impact, and national economic ability to compete also become weak," said Ginanjar.

Ginanjar said that one form that the income gap takes is the increasingly striking difference between the industrial and service sectors and the agricultural sector. Recently, in fact, said the minister, the Central Bureau of Statistics reported that based on the 1993 Agricultural Census farmers' exchange values had fallen in some provinces.

The interregional gap, shown by rather significant differences between regions, such as between Java and outside Java, between the western part of Indonesia and the eastern part of Indonesia, and between urban and rural areas, is a separate challenge to the creation of development based on social justice. This gap, continued Ginanjar, is unintentional, but is closely linked to differences in the potential of each region and to differences in the problems faced by each region. For that reason, special efforts must be made and special attention must be paid to backward regions.

"We are aware that development cannot possibly go smoothly if the situation in the country is always unstable. We also know that an atmosphere of security, peace, and dynamism does not come about all by itself and cannot be created in a short time but must be created through hard work and continuous efforts," explained Ginanjar.

National stability, said Ginanjar, is a precondition for the growth of an atmosphere which encourages the creation of a rapidly growing economy and equity in development, along with the products of that economy for our entire people. "I mean stability in its broadest sense, that is, economic and political stability," he added.

To support smooth development, said Ginanjar, economic stability must be maintained and strengthened. This includes keeping the rate of price increases under control; otherwise, there will be bad consequences which will obstruct the growth of the economy and of equity.

Besides that, the balance of payments, the balance between the need for foreign exchange (foreign currency) in order to import goods, and the ability to obtain foreign exchange through exports, must always be carefully maintained. This is not easy in a system of free exchange (foreign exchange outflow and income is not limited), especially in the face of uncertain conditions.

Closely connected with the problem of the balance of payments is the problem of foreign loans, which must also be kept under control in order to keep a healthy



balance, said Ginanjar. He believes that Indonesian foreign loans are within safe limits now, and that this situation must continue to be maintained.

"This will not be easy because increasing development activities, especially in the private sector, will require sources of funding which must partly be obtained through foreign loans," said Ginanjar.

During PJP [Long-Term Development] I the number of people below the poverty line decreased from 70 million in 1970 to less than 26 million in 1993. Although the number of poor people has decreased, there are still a lot of them, one out of every seven Indonesians is still below the poverty line.

The Neglected Villages Presidential Instruction (IDT) program, begun during 1994-1995, the first year of REPELITA [Five-Year Development Plan] VI, is a concrete manifestation of the efforts being made to eliminate poverty. "Ten years from now, at the end of REPELITA VII, we hope that problem of the poor will have been overcome," said Ginanjar.

A determining factor in achieving progress, self-sufficiency, and social prosperity is the economic progress reflected in a high rate of economic growth. A high rate of economic growth means that incomes will rise and that will in turn raise the ability of our people to move forward and to be self-sufficient.

Minister Ginanjar said that per capita income in PJP II is targeted at four times 1989 real prices, that is, \$2600. This is a rather high increase over per capita income at the end of PJP I, which is \$700. To reach this, an average economic growth above seven percent is needed.

Ginanjar explained that from a macroeconomic point of view the sources of growth can be grouped into increases in efficiency and productivity, an increase in the number of workers, and an increase in the capital which accumulates during the ongoing development process.

Increases in productivity come from increases in the productivity of capital and workers, in technological changes, and in increases in institutional efficiency. During REPELITA V increases in productivity contributed to the growth of the economy by an average of 1.1 percent per year and its contribution to growth was 6.2 percent per annum.

During REPELITA VI, with a targeted growth rate of 6.2 percent per annum the average increase in productivity must contribute at least 1.4 percent per annum. Given that increase in productivity, its contribution to economic growth will reach 21.8 percent, said Minister Ginanjar.

**\* Economist: Big Business Needs Balancing Force**  
94SE0237A Jakarta KOMPAS in Indonesian 11 Aug 94  
pp 1, 18

[Text] Jakarta (KOMPAS)—The Indonesian economy now needs a balancing force to eliminate effects of the

control of most assets and opportunities by a few big private sector economic players. This is an absolute necessity for the reduction of the widening disparity we have inherited.

Senior Indonesian economist Prof. Sumitro Djojohadikusumo said this Wednesday, 10 August, at a program for the signing of a cooperation agreement between the Bumi Daya Bank [BBD] and the Economic Prosperity Bank. The two banks agreed to cooperate in the financing and administration of credit for government employee cooperatives (KPN's).

The 77-year-old high priest of the economy was quite energetic and appeared decisive and quick in answering each question from the press. In fact, he often interjected little jokes into the sharp criticism he made of conditions in this country.

Sumitro said that what he meant by disparity is not measured by distribution of income. If viewed from the perspective of income, Indonesia can be called quite successful in overcoming disparity, because the pattern of real income distribution is very much better than several years ago. This has to be acknowledged, because it is a fact shown by empirical data from the Central Bureau of Statistics.

"We do not need to wait for an acknowledgment by the World Bank before admitting this improvement," Sumitro said.

The general chairman of the Government Employee Cooperative Main Office (IKPN) added, however, that what saddens him as a senior person is the government's lack of seriousness in fully resolving the disparity problem. The government's "political will" to create equitable economic distribution and to create opportunities for active economic players in the small- and medium-sized business groups has not been sufficiently implemented.

"I am dissatisfied with disparity in the sense I just described, and, frankly I have yet to see the problem dealt with seriously. I fear this will sharpen the tension among classes of economic players," the prominent economist said. The government's lack of seriousness in resolving this matter of opportunity will produce very great disparity. Moreover, the fact that all finances, resources, and business opportunities are controlled by only some of the groups increasingly disturbs the other groups of economic players.

Those dominant groups have such great access that they appear to enjoy all the economic channels. Even more ironic, those who have such economic strength still get opportunities from banks to enlarge their capital. In fact, banks often extend credit in the interests of those business groups.

"How can it be that funds and resources are channeled to just those two people? It appears that no one else can get opportunities like those given to those two people," joked Sumitro.



"If we may ask, Pak Mitro [Sumitro Djojohadikusumo], who are those two people?" reporters inquired. He answered that reporters know better who the two people are. "If you don't know, you aren't qualified to be reporters," he said diplomatically. For that reason, he worries that if this matter is not handled immediately with seriousness there will be an extensive impact. The Medan case is a ramification of a problem that must be seen by the government as a result of this increasingly wider disparity.

These groups also still obtain protection for their business and industrial opportunities with the justification that they are still in their infancy, although they have been in operation for so many years. All of these things are concrete evidence of this disparity, which increasingly disturbs most people. Therefore, the government must outline a strategic policy for overcoming this problem and then create a balancing force to correct interclass and interregional imbalances. Without that, it appears that disparity will become wider and more difficult to eliminate.

In this connection, Sumitro proposed that an independent organization be created to handle government funds in the interests of such a competitive force. Through such an organization, the channeling of funds in the interests of small- and medium-sized businesses and cooperatives would be much more effective than when done by bureaucrats individually.

It does not need to be in the form of a "guarantee fund," because Indonesian Credit Insurance (ASKRINDO) already exists. It would suffice to accomplish this through an "investment fund," which could gather and manage 1 to 5 percent of state-owned business funds.

Although there are officials with opinions that are different from what he proposed, he is still sure that an "investment fund" is the best alternative. Only in that way can funds be gathered to improve the business strength and opportunities of small- and medium-sized businesses and cooperatives. He is aware, however, that, because of the abuse-of-position syndrome, it is quite difficult to build up and develop these economic groups. If, however, the government has political will, as expressed through intervention, all of this can be realized. Malaysia has proved that investment funds have considerable meaning in the creation of equitable distribution as an economic balancing force at all levels.

"Frankly, I am not pessimistic, although it will be very difficult to bring this to realization. There is no way to face the widening and disturbing imbalance other than through strengthening the weak, for they are part of our society. Let us not put ourselves at risk by continuing to allow some groups to control most national assets, for this will result in instability," Sumitro declared.

One effort now being made to resolve this is the establishment of cooperation between the BBD and the Economic Prosperity Bank for joint financing and continued

administration of credit for government employee cooperatives. The purpose of this is to improve and expand the distribution of bank services, improve the availability of funds, and enhance the prosperity of government employees. This represents the first step in improving the lot of KPN members.

According to Sumitro, this cooperative action is a concrete step toward giving better business opportunities to government employees. Until now, these businesses have often been hindered by problems with funding; and it can almost be said that they have ever been able to enjoy any good access to resources, funding, and business. Through this action, the opening of access and business opportunities for government employees is made possible, because the funding limitations they have always experienced can be overcome by capital support from banks.

Following this agreement, credit service to KPN's will be quicker and easier. KPN people will not any longer need to come to Jakarta to see to the credit they apply for, because it will suffice for them to go to BBD branch offices that are closest to their respective KPN's. Through this practical and simple administrative mechanism, it is hoped that credit administrative costs can be kept down for the sake of improving KPN efficiency. This new cooperation encompasses East Java, Yogyakarta, and East Nusa Tenggara. In the second and successive phases, it will be expanded to other areas throughout Indonesia.

Ultimately, these funds can be used by KPN members for T-21 KPR [home ownership credit] and for T-36 very simple homes with areas of 200 square meters. It can also be used to finance various family needs, such as tuition, home enlargement, and a variety of other things.

"In fact, there is a possibility that such loans can be used for businesses run by KPN members. If that is the case, it will be quite 'feasible' for enhancing member prosperity."

## Laos

### Leaders Receive Message of Thanks From SRV

BK2409134494 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 24 Sep 94

[Text] Comrade Do Muoi, general secretary of the Communist Party of Vietnam [CPV] Central Committee; State President Comrade Le Duc Anh; Prime Minister Comrade Vo Van Kiet; and Comrade Nong Duc Manh, chairman of the SRV National Assembly, jointly sent a message of thanks on 17 September to Comrade Khamtai Siphandon, chairman of the Lao People's Revolutionary Party [LPRP] Central Committee and prime minister; State President Comrade Nouhak Phoumsavan; and Comrade Saman Vi-gnaket, chairman of the National Assembly of the Lao People's Democratic Republic, in Vientiane. The message reads as follows:



Comrades, on behalf of the CPV Central Committee, the state, the National Assembly, and the people of Vietnam, we would like to convey sincere thanks to you, the LPRP Central Committee, the state, the National Assembly, and the fraternal multiethnic people of Laos for the message of greetings that you comrades sent to us on the occasion of the 49th anniversary of the SRV's national day. We are firmly convinced that the relations of friendship, special solidarity, and all-around cooperation between the two parties, two states, and two peoples of Vietnam and Laos will increasingly improve and develop.

Comrades, we wish you good health and glorious success in carrying out your noble cause.

On the same occasion, SRV Foreign Minister Comrade Nguyen Manh Cam sent a message of thanks to Comrade Somsavat Lengsavat, our country's minister of foreign affairs. The message reads as follows:

Comrade, I would like to convey sincere thanks to you for the cordial greetings you sent me on the occasion of the 49th anniversary of the SRV's national day. I am firmly convinced that the relations of friendship, special solidarity, and all-around cooperation between our two parties, two states, and two Foreign Affairs Ministries will be increasingly consolidated and enhanced.

Comrade, I wish you good health and success in carrying out your noble cause.

#### **Economic Delegation Returns From East Europe**

*BK2609121794 Vientiane KPL in English 0913 GMT 26 Sep 94*

[Text] Vientiane, September 26 (KPL)—Poland, Hungary, and Bulgaria have affirmed to further help Laos in human resources development during the visit to these countries by a delegation of the Ministry of Foreign Affairs of the Lao People's Democratic Republic headed by its deputy-minister, Souban Salitthilat, between September 4-13, 1994. The visits were in response to the invitation of the deputy foreign ministers of these countries.

During the visit to these Eastern European countries, the Lao deputy foreign minister and the hosts informed each other of the internal situation in their country, including the policy on economic restructuring and the policy on expansion of foreign cooperation, bilateral cooperation between Lao PDR [People's Democratic Republic] and these countries on the basis of the restructuring situation and on the principle of cooperation of mutual benefit, and some outstanding international issues.

During the stay in Poland, the Lao delegation put an emphasis on the maintenance of the Lao Embassy in Warsaw. In the future, the two sides wish to reach an agreement on investment protection and promotion to boost the cooperation between the two countries' businessmen. Meanwhile, Poland is pleased to help Laos in human resources development.

In Hungary, the Lao delegation was informed that Hungary was happy with the debt clearing the Lao PDR Government had conducted and would provide further assistance in human resources development to Laos. In addition to courtesy calls on Hungarian high-ranking leaders, Mr. Souban Salitthilat also met with the board of the Hungary-Laos Friendship Association, and talked to Lao students and officials there about the situation and the economic growth in the Lao PDR.

While in Bulgaria, the Lao delegation and the host agreed to study the improvement of the relations between the two countries, particularly economic cooperation. The two countries may agree upon joint investment in many fields in which Bulgaria is skilled such as wood products, agriculture, livestock, food processing industries. Bulgaria is pleased to revive the cooperation between the Trade Ministries of the two countries aiming at setting up a Bulgarian-Lao cooperation commission, paving the way for the bilateral contact and exchange of lessons and information, especially the two countries' chambers of commerce and businessmen.

Bulgaria further affirmed to further help Laos in human resources development in the specific fields required by Laos.

The visit to these countries has brought about good understanding between Laos and the host countries. Laos and these countries have agreed that it is time to improve the relationship on the basis of the renovation in each country, especially political consultation between the Ministries of Foreign Affairs of Laos and these countries, and the cooperation in business, trade, education and culture.

The visit proceeded in a friendly, understanding, cordial, and constructive atmosphere.

#### **Increase in Number of Tourists in 1994 Reported**

*BK2709132194 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 25 Sep 94*

[Excerpt] Somphong Detvongsai, adviser and chief of the Marketing Relations Service of the Lan Xang Tourism Company, reports that from January to August this year, the number of tourists who toured Laos through the Lan Xang Tourism Company increased by 51 percent, compared to the corresponding period last year. Among them, 870 were from Europe and other countries, including France, Germany, the United States, the United Kingdom, Japan, and Netherlands; more than 5,000 were from Thailand; and more than 13,000 others visited the country to apply for visa extensions.

The reasons why more tourists are interested in visiting Laos are the convenience of traveling to the country following the opening of the friendship bridge across the Mekong River and the increased facilities provided for them to make their trips, following the government's cancellation of the use of passports. As a result, Lao



nationals can use identification cards when they travel to the provinces, while foreign nationals can use border passes in lieu of passports. In addition, the Lao Aviation Company has improved its service and increased the number of flights to the provinces for tourists. While in Laos, most tourists are interested in seeing tribal people, ruins, places of historic significance, and the vestiges of the past war. [passage omitted]

#### **Press Release on Central Committee Ninth Plenum**

*BK2409095594 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 24 Sep 94*

["Press release"—issuing office, place, date not given]

[Text] The Ninth Plenary Session of the Lao People's Revolutionary Party [LPRP] Fifth Central Committee convened in Vientiane from 12 to 23 September 1994. The session—held under the chairmanship of Comrade Khamtai Siphandon, chairman of the LPRP Central Committee—ended with glorious success. After hearing reports on the implementation of party Central Committee resolutions on the socioeconomic development plan and other major tasks—as discussed and adopted in the seventh and eighth sessions of the party Central Committee—delegates to the session reviewed and assessed new achievements and positive factors as well as remaining points and shortcomings in implementing the various resolutions of the party Central Committee over the past year. They also discussed and disseminated the causes of the aforesaid limitations.

The session put forth main directions and tasks as well as guidelines and measures for the fulfillment of the socioeconomic development plan, cultural work, and party and cadre building work for FY 1994-95. It also endorsed a resolution on cultural work in the new stage. Based on the aforesaid achievements, the session reiterated that the direction, plans, and policies adopted by the fifth party congress are appropriate and that they conform with the practical conditions in the country. The session expressed the conviction that our entire party, armed forces, and people will join in striving to fulfill the two strategic tasks and the socioeconomic development plan for the coming year. This will consolidate, develop, and bring prosperity to the economy, culture, and society; stabilize the country; and improve the people's living conditions.

Delegates to the session praised and hailed party members, cadres, soldiers, police, state employees, and multiethnic Lao people throughout the country for having positively contributed to major achievements in many fields over the past year and for continuing to promote and expand the patriotic spirit and the spirit of national revolution to translate the resolution of the ninth plenary session of the party Central Committee into reality.

#### **National Assembly Convenes Fifth Plenary Session**

*BK2609113494 Vientiane Vitthayou Hengsat Radio Network in Lao 0500 GMT 26 Oct 94*

[Text] The fifth plenary session of the Third National Assembly was convened this morning at the National Assembly Hall in Vientiane under the chairmanship of Saman Vi-gnaket, chairman of the National Assembly.

Attending the opening ceremony were Khamtai Siphandon, chairman of the Lao People's Revolutionary Party [LPRP] Central Committee and prime minister of the Lao People's Democratic Republic [LPDR]; Nouhak Phoumsavan, member of the LPRP Central Committee Political Bureau and president of the LPDR; members of the LPRP Central Committee Political Bureau; deputy prime ministers; the chairman of the Committee for Planning and Cooperation; ministers and deputy ministers; and representatives of (?mass) organizations. Attending the session also were intellectuals, senior revolutionaries, representatives (?of people of all strata), foreign diplomats, and representatives of international organizations in the LPDR. After raising the national flag, Saman Vi-gnaket, chairman of the session, delivered a speech officially opening the session.

### **Philippines**

#### **Israeli Deputy Defense Minister Ends Visit**

*TA2609134294 Jerusalem Qol Yisra'el in English 1100 GMT 26 Sep 94*

[Text] Deputy Defense Minister Mordekhay Gur has concluded an official visit to the Philippines and has left for Singapore. Before his departure Gur received a surprise invitation to meet with Philippine President Fidel Ramos. An official in the president's office later described the meeting as especially warm. Ramos said his country wants to join other states fighting Muslim extremist movements backed by Iran.

#### **Sison Discusses State of Communist Movement**

*BK2709043594 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 26 Sep 94*

[Interview with Jose Maria Sison, leader of the Communist Party of the Philippines, by Jessica Soho in the Netherlands; date not given—Sison remarks recorded]

[Excerpt] [passage omitted] [Soho] There are those who say that the international communist movement is finished due to what is happening in Eastern Europe and Russia, including China and Vietnam which are now called neo-capitalist states. The events allegedly had a severe effect on the Communist Party of the Philippines and has weakened the movement.

[Sison] That is not true. You know what, those so-called communists outside the Philippines, those who are easily referred to by the imperialist propaganda, are false



communists. The Communist Party of the Philippines or CPP has been called as such for a long time by the parties in the Soviet Union and Eastern Europe.

[Soho] The CPP-NPA-NDF [Communist Party of the Philippines-New People's Army-National Democratic Front] was rocked by conflict. Comrade Hector [Leopoldo Mabilangan] was killed by his compatriots.

[Sison] During the time of Hector Mabilangan's killing, he was armed and dangerous. According to Comrade Roger's [Gregorio Rosal] statements—he is more knowledgeable about this matter—there were serious offenses or charges leveled against Mabilangan.

[Soho] There are also breakaway groups like that of Felimon [Popoy] Lagman. Sison branded some of them as powder brains.

[Sison] You better ask Popoy, since he is in Manila. He is visible in Manila, roaming around. Like what he did when the military was still taking care of him before his prearranged arrest, his so-called arrest.

[Soho] Besides Comrade Hector and Lagman, Sison also treats as expelled from the communist movement Romulo Kintanar and Arturo Tabara. Others often wonder why Sison is holding out in the Netherlands when the fight is in the Philippines.

[Sison] I have no option as to where I should be. I am here in the Netherlands because my passport was canceled. Never have I claimed to be the leader of the revolutionary movement. I have always said that the leadership is a collective one, it is in the Philippines.

[Soho] Overall, he said, the CPP remains strong despite the happenings within and outside the Philippines. If it is true that the CPP is already weak, he asks, why does the government continue to talk to them?

[Sison] The Communist Party of the Philippines will surely become stronger, as it is already strong. The revolutionary movement of the masses will be even stronger because of the tremendous domestic crisis. [passage omitted]

### Two-Party System Emerging for 1995 Elections

BK2609100694 Manila THE MANILA CHRONICLE  
in English 23 Sep 94 pp 1, 2

[Text] Leaders of the ruling Lakas [Power of the Nation]-NUCD [National Union of Christian Democrats] and the Laban ng Demokratikong Pilipino [Struggle of Filipino Democrats] yesterday predicted the alliance between the Nationalist People's Coalition (NPC) and the People's Reform Party [PRP] would crumble soon.

The emergence of two coalitions poised to fight it out in the May polls has prompted political observers to note a trend towards a return to the two-party system of pre-martial law politics.

"From all indications, it seems that political parties are consolidating towards two, or at most three, parties for the next year's elections," observed Commission on Elections Chairman Christian Monsod.

Speaking a day after the opposition coalition was announced, Laban party chief Edgardo Angara said the new coalition would be wracked by divisions because its members were of different backgrounds and held different views. NPC's president, Senator Ernesto Maceda countered that it was the ruling party that felt threatened because it had been trying to recruit from the NPC.

On Wednesday, Maceda announced a preliminary list of NPC-PRP candidates for senator that includes Miriam Defensor Santiago, Ramon Magsaysay Jr., Arturo Tolentino, Ana Dominique Coseteng, Ferdinand "Bongbong" Marcos and Joker Arroyo. Former Army colonel Gregorio Honasan, Ambrosio Padilla or his son, Alexander, were also possible candidates. Reached for comment, Magsaysay said that he had not yet decided to run.

"I do not know if I will run for the Senate, and if I do, under which party. The situation is very fluid," said Magsaysay in a statement. Arroyo said his candidacy under the NPC-PRP alliance was just "media talk." Defensor-Santiago and Bongbong Marcos were not available for interview.

Angara noted that some of the candidates were identified with the Marcos and Aquino administrations, a fact that could trigger differences within the opposition camp.

Tolentino, Bongbong Marcos and NPC chairman Eduardo "Danding" Cojuangco compose the pro-Marcos elements in the coalition. Tolentino was the running mate of President Marcos in the 1986 snap elections; Danding Cojuangco is widely perceived to be a close associate of the late president.

On the other hand, Santiago and Arroyo were former members of the Aquino Cabinet. Arroyo was former executive secretary, Defensor-Santiago the former Agrarian Reform secretary and Immigration commissioner. Honasan is believed to have unclear loyalties today. While he was a key figure in toppling President Marcos, he also participated in several coup attempts against the Aquino administration.

Twitting the new line-up, Angara said: "I hope they will make a harmonious team out of explosive materials."

Lakas officials including Speaker Jose de Venecia and Executive Secretary Teofisto Guingona also raised doubts about the stability of the NPC-PRP coalition. But the two Lakas members agreed that Maceda's announcement indicated a trend towards a return to the two-party system.

When Lakas and Laban announced their coalition last month, Maceda observed that the development confirms Laban's true political color as a pro-administration party.



### Six Projects To Boost Socsargen Growth Area

BK2609052994 *Quezon City Radio Filipinas in English*  
0230 GMT 26 Sep 94

[Text] Some P [Philippine pesos] 3 billion of projects expected to further boost the South Cotabato-Sarangani-General Santos City [Socsargen] economic zone were signed by business leaders during the visit, Saturday, of President Ramos to southern Mindanao. The president told Socsargen leaders during a luncheon in General Santos that he would work for the entry of more foreign investors in the various investment areas in the country.

Ramos witnessed the signing of six major projects, namely:

- the setting up of P100 million pesos herbal medicine manufacturing facility in South Cotabato by the New York-based Clemente Capitol Inc., the Southern Mindanao Health Care Systems Inc., and the Coordinating Council for the Philippine Assistance Program;
- an P8.4 million computer education upgrading project between the Singaporean ATF Technologies Inc., the Socsargen Technical Advisory Committee, and the schools of Notre Dame of Marbel University of South Cotabato, the General Santos Foundation College, and Mindanao State University in General Santos;
- a P100 million telecommunication upgrading project in South Cotabato by Siemens-Philippines and (Marbel) Telephone System;
- a P10 million stock-exchange terminal facility project by the Philippines Stock Exchange, Asia Securities and [word indistinct] Inc., the General Santos Chamber of Commerce and Industry, and the Commercial Bankers' Association of General Santos;
- a P1 billion grains storage facility by the Mindanao Federation of Agricultural Cooperatives Inc., and the Asian Terminal Inc.; and
- a P2 billion municipal development plan by General Santos, the National Housing Authority, and the French group—Jean Claude (?Sielone).

The president stressed it was time the Socsargen officials find private sector's support for their development projects rather than expect help from the national government, which could not implement these projects.

### Thailand

#### Officials React to U.S. Money Laundering Charge

##### Minister, Bank Governor Deny Charge

BK2609142994 *Bangkok Radio Thailand Network in Thai* 1200 GMT 26 Sep 94

[Text] Finance Minister Tharin Nimmanhemmin denied allegations in a report that said a Thai financial institution was implicated by the U.S. Drug Enforcement Administration for its involvement in narcotics money

laundering. The minister, meanwhile, stressed the government's determination to adopt a bill to prevent money laundering. He said that the Cabinet had been discussing enactment of the bill for several months. The government accepted in principle to having a law preventing money laundering, especially money earned from narcotics trafficking. However, the government wants the bill to be as perfect as possible so that it will be effective in preventing money laundering. He said consideration must also be given to prevent negative impacts from the bill. The Narcotics Control Board is acting as a coordinator in drafting the bill.

Commenting on this, the Bank of Thailand's Governor Wichit Suphinit said what he heard was only a rumor claiming that a Thai financial institution was involved in laundering money earned from drug trafficking. However, this would have to be proven first. Concerning the role of the Bank of Thailand in controlling financial institutions, he said his office was doing its best and that the methods utilized are up to international standards. He said that the standard in Thailand is considered quite good when compared to that of the neighboring countries, especially those in ASEAN.

##### DEA Urged To Provide Evidence

BK2709095294 *Bangkok THAI RAT in Thai*  
27 Sep 94 p 7

[Excerpt] Commenting on a report that a Thai financial company has been involved in money laundering, Wichit Suphinit, governor of the Bangkok of Thailand, said that the state bank, by duty, is in charge of monitoring the operation of the said company, adding that the U.S. Drug Enforcement Administration should provide evidence to substantiate its accusation against the firm.

The Narcotics Control Board is currently working with officials of the Bank of Thailand to draft a law against money laundering. Despite the fact that Thailand has not yet enforced any law against money laundering activities, its standard has been considered better than that of many other countries. Singapore is the only country in this region that has such a law. However, law alone is not enough. Ethics among entrepreneurs is equally important. [passage omitted]

##### Financier Denies Links to Scheme

BK2709032194 *Bangkok THE NATION in English*  
27 Sep 94 pp A1, A4

[Text] Wanchai Lilasithon, nephew of Wall Street Finance and Securities Co's major shareholder Wisit, yesterday threatened to sue the THAI FINANCIAL newspaper for damages caused by the daily's suggestion that he has connections with an international drug-money laundering scheme.

He dismissed the reports published by THAI FINANCIAL in its Saturday, Sunday and Monday editions as groundless. Wanchai said he would seek Bt [Thai baht]



20 million in compensation from the Thai-language daily. Pricha, son of Wisit, also denied the allegation. A spokesman for Wall Street, meanwhile, said Wanchai has nothing to do with the company.

The Office of Narcotics Control Board said a Thai is involved, but the authority never identified the name, according to the Wall Street official. The company was ready to furnish further information, if the authority had any doubts about the firm's connection with the laundering scheme.

Wanchai was only a customer who deposited money with Wall Street, and has an account for stock trading at their Hat Yai office, a company official said. In response to THAI FINANCIAL reports Wanchai, alias "Sia Hong", told reporters in Hat Yai it's "unusual" for the Office of Narcotics Control Board to disclose information linking a drug or drug-related suspect through newspapers, as quoted by THAI FINANCIAL. The MANAGER daily newspaper also reported the matter in yesterday's edition, but did not name names.

The Office of Narcotics Control Board and other authorities made no official statements over the allegation. Spokesmen for THAI FINANCIAL and MANAGER could not be reached for comment yesterday.

Yesterday's rumours over the alleged connections between an international drug-money laundering scheme and relatives of Wall Street's major shareholder—the Lilasithon family—shed 24.32 points off the Stock Exchange of Thailand (SET) index before it rebounded to close at 1,495, down 10.34 points from Friday's close.

The reports in the THAI FINANCIAL followed the Sept 22 report by REUTER. REUTER filed the original story from its New York office. Its spokesman said yesterday that there were misquotes in the local press reports. Wall Street and Li Feed Mill, another SET listed company with the Lilasithon family as major shareholders, were hard hit by the rumours.

On Sept 22, REUTER reported from New York that three men had been charged with conspiracy to launder over US\$7 million (Bt175 million) in cash from heroin trafficking, through Hong Kong's Hang Seng Bank. Robert Maher, 61, Andrew Giordano, 58, and Peter Mancusi 62, were named in the 58-count federal indictment filed in the Manhattan federal court. No charges were levelled against the bank. The indictment alleged that a co-conspirator in Bangkok, who was also a heroin distributor, controlled two accounts at the bank where the cash was deposited. The co-conspirator was not identified in the indictment. To conceal the nature, location and source of the money from his heroin trafficking, the co-conspirator arranged for the three men to deliver the cash from the sale of the drugs to the Hong Kong bank, US prosecutors alleged.

The indictment further charged that between January 1990 and June 1991, Mancusi made 14 trips to Hong

Kong depositing more than US\$7 million there. On one occasion, it was alleged, he deposited more than US\$1 million in cash into bank accounts controlled by the coconspirator. If convicted, the three men face up to 20 years in prison and more than US\$500,000 in fines.

After the report was filed, THAI FINANCIAL, and subsequently, MANAGER, published reports suggesting that the US authorities had blacklisted a Hat Yai-based tycoon on drug charges. These reports suggested the tycoon was Wanchai or Sia Hong, who owns a hotel, a fishmeal factory and a finance company.

Wanchai said he is executive chairman of Thaksin Thakakit finance company in Hat Yai, which was 22 years old and holds a respectable record, and that he also owns the Li Gardens Hotel in Hat Yai Songkhla province.

### Wimon Comments Stir Debate on Regional Conflicts

BK2609134694 Bangkok BANGKOK POST in English  
26 Sep 94 p A5

[Article by Khlomchit Chantharapanya]

[Text] While voicing support for the armed forces budget, Army Commander in Chief Gen Wimon Wongwanit warned last week that the Cold War is "still going on in Asia".

Foreign affairs specialists say his comment lacks logic and is difficult to take seriously. Many dismissed it as typically military, something that could be expected from an officer trying to prevent his budget from being trimmed. But they qualified their remarks, saying that although the Cold War is over, it doesn't mean there is total security, because not all conflict in the region is related to the Cold War.

Withaya Sucharithanarug, director of Chulalongkorn University's Institute of Asian Studies, said Wimon's comment reflected the armed forces' main concerns.

"I think they don't fully trust Vietnam, China or Russia," he said.

Surachai Sirikrai, Thammasat University's director of East Asian Studies, said from the military's point of view, it's common sense to be aware of security threats, which he thinks are most likely to emerge from trade and territorial disputes.

William Callahan, a Rangsit University political science lecturer, said because Gen Wimon was raised during the Cold War it might be difficult for him to get out of that way of thinking.

"In many ways the Cold War ended in Thailand earlier than elsewhere," he said.

Chaiwat Khamchu, head of Chulalongkorn University's department of International Relations, said Wimon could be right if he meant the US is still trying to impose



democratic ideology on countries it believes are ruled by oppressive regimes, such as Burma.

"If there was no problem with democratic rule (in those countries), the US would have no justification to sanction or pressure them," Chaiwat said. The end of the Cold War was marked by a change in Russian policy from confrontation to cooperation and resulted, some say, in a strategically unipolar world in which the United States is unchallenged in its military superiority.

"Ask Wimon who the enemy is if we're still in the Cold War—the US?" said a senior military specialist.

Three days after Wimon's comment there was a report that the military still sees Vietnam as a potential security threat.

Asked to explain, Army spokesman Col Phalangkun Klahan told *The Nation* that although the Cold War is officially over "new forms of Cold War" could emerge.

"Any war in the future will be based on national interests. There will probably be no use of (military) force. In the new kind of war there will be no need to use battleships to block the way."

The "new forms" include economic issues and elements of the "new world order", human rights and environmental protection.

"Trade is most important," he said. "War over ideologies will decrease markedly, but it will not be defeated entirely as long as there are disparities in society. If it's not communism, it might be a new ideology."

Although the Army does not foresee a serious security threat in the next five years, "we must follow the process" Phalangkun said. "The key is to build good relations with all countries, especially between our forces and our neighbours."

Phalangkun said Thai forces participate in joint military exercises with the US, Australia and Malaysia. He said Wimon has already visited Indonesia, Singapore, Brunei and Malaysia and talks have begun with Cambodia and Burma. However, he doesn't expect any joint meetings of defence ministers from Asean countries, an idea floated during the Bangkok Asean ministerial meetings when regional security was on the agenda for the first time.

The Army spokesman played down any potential threat to Thailand from Vietnam, saying this idea came from a brainstorming session at the National Defence College which included civil servants and businessmen as well as students.

"We must be even closer friends since they (Vietnam) are going to join Asean in the near future," said Phalangkun. He stressed that the national policy is to be friendly with every country.

### Foreign Policy Attacked, Prasong Ouster Urged

BK2409150594 Bangkok *THE NATION* in English  
24 Sep 94 p A6

[Article by the "Regional Desk": "Ideologues Have Run Amok at Saranrom"]

[Text] Two things are very wrong with the Chuan government's foreign policy. The first is the people who formulate it and their total absence of vision. And second is the diminishing role of the Foreign Ministry as the main force behind policy implementation.

For two years, Thailand has muddled through shamelessly in its relations with neighbouring countries under a camouflage of good intentions and sincerity. Meanwhile, relations with countries outside the region have been at a standstill.

The current situation reflects the mindset at the top-level of foreign policy formulation, which is dominated by the ideologues. They have been successful in creating the illusion that they have adjusted to accommodate the new environment. The most amazing part is that these people have been able to survive in Chuan's democratic government.

The two most powerful figures among them are Foreign Minister Prasong Sunsiri and National Security Council Chief Gen Charan Kunlawanit whose long-standing experiences and prejudices against neighbouring countries have finally made their way into the country's foreign policy.

Ironically, Prasong's and Charan's influence is not curtailed or challenged in anyway by bureaucrats, who know the pitfalls of the present diplomacy but fail to act for fear of reprisal. In a civilized society, any foreign policy formulation needs to be thoroughly discussed and carefully weighed by taking into consideration all aspects of national interest.

The problem is, their definitions of national interest are usually laced with personal interest. Although this so-called personalized diplomacy is nothing new in Thai history, the manner in which both Prasong and Charan have carried out their policy objectives is completely new.

With a solid background in intelligence and military affairs, the two policy makers have been using their own networks, comprising of former intelligence chiefs and questionable dealers-cum-negotiators, to carry out their policy-objectives. They have deliberately chosen to ignore the existing institutional arrangements for consultation and decision-making.

The result is a disjointed foreign policy, with a piecemeal approach to neighbouring countries. Take Burma for example. Charan has emerged as the most important person shaping the current policy of supporting the military regime in Rangoon and destroying the ethnic minorities.



He has consulted neither the Foreign Ministry nor any other government agency. He has taken the liberty to go ahead, literally in the past several months, with the policy of strengthening Thai support for the Rangoon regime.

Charan's approach has won admiration from right-wingers and big business. He is now entertaining the idea of being a foreign minister in the future like his two previous predecessors, Sitthi Sawetsila and Prasong. Prasong does not care much about Burmese policy, or for that matter the policy toward Cambodia or Vietnam, as he is more concerned in clinging on to his ministerial post for as long as possible. He knows that the current position that he has worked so hard for is a one-shot affair.

Sad but true, Prasong has been able to stay on mainly due to the Chuan government's indifference to foreign policy in general. Chuan wants to see his coalition government survive at all costs. The fact that Prasong has been able to maintain his position and influence untouched is indicative of Chuan's true motives.

Since Prasong became the foreign minister two years ago, Thailand has reduced itself to a toyland. Prasong has yet to accomplish one foreign policy success. Surprisingly though, he has achieved numerous successes in the non-diplomatic fields, especially in dividing and ruling over the foreign ministry's top officials so that they can no longer function on their own.

Without unity and coordination among the ministry's top officials, it is not hard to understand why Saranrom Palace [Foreign Ministry] has not been able to defend its policies and implement them. Indeed, this situation is ideal for Prasong to continue his manipulations.

Deputy Foreign Minister Surin Phitnsuwan, who is smarter, but wields no power is like a Jack in the box. His party does not want him to compete with Prasong for the sake of coalition unity. No wonder, he has been left to speak on his own on several occasions without support.

For the record it cost Thailand about 10 million baht to host the recent annual meeting, only to have its foreign minister speak but a few words and most of those from prepared scripts.

It is hoped that at the upcoming Asean Summit, scheduled in December of next year, Thailand will be able to speak with authority about the country's vision and that of the region as a whole.

Finally, for the Foreign Ministry to resume its rightful place in foreign policy decision-making process, a new foreign minister must be found. He must be sensitive to subordinates and be a good listener, versatile and not a cold-blooded man. It is a prerequisite to the betterment of the ministry and its professionalism.

Thailand is blessed with common sense, not to mention a strategic location in the heart of Southeast Asia. The

country has survived for hundreds of years. But there is no guarantee that the country will be able to go for another hundred years.

The Thai people should not be complacent, otherwise these ideologues who have managed to get into the system and are now prospering could easily destroy the nation. The worse thing of all is that they think that they are doing the right thing, especially in their dealings with neighbouring countries.

#### **Al-Arqam Group To Pursue 'Business Interests'**

*BK2709040694 Bangkok BANGKOK POST in English  
27 Sep 94 p 11*

[Text] The Al-Arqam religious sect will continue its business activities in Thailand without fear of suppression by authorities. Al-Arqam is outlawed in Malaysia and its leader was detained after being returned from Thailand when his Malaysian passport was revoked. The spokesman for the group in Thailand, Muhammad Adam visited the BANGKOK POST yesterday together with other sect members to gain an insight into the publishing industry.

Mr Muhammad said the group would continue to pursue its business interests which mainly farm produce in northern Thailand. The group has more than 20 different areas of business worldwide, including four in Thailand.

#### **Malaysian Troops Expel Traders From Border Area**

*BK2409142094 Bangkok THE NATION in English  
24 Sep 94 p A4*

[Text] Songkhla—Businesses in the southern border town of Padang Besa have been seriously affected since Malaysian troops ordered the Thai merchants to dismantle more than 100 goods stalls on September 19 from a border area, according to local merchants here. The troops also warned that if the traders returned they could face punishments of a year in prison, plus Bt [baht] 100,000 in fines, the merchants said. There has long been a dispute between the two countries over the area.

The merchants said yesterday that the Malaysian troops ordered them to destroy more than 130 goods stalls in the "red and white passage" of the "no-man's land" and evacuate the area within three days, from September 20-23. The merchants said millions of baht had been lost because of the Malaysian troops' action.

Food stalls, hotels, restaurants and other business premises near the troubled area were closed down as well. They said about 80 per cent of the Thai's in Padang Besa were dependent on income from smuggled goods from Malaysia.

Meanwhile, Songkhla's Sadao chief district officer Rachan Sanwarangkun said the raid had been approved by the Malaysian National Security Council. He supported such an action, saying it would help curtail the



rise in smuggling across the border. He said the number of trucks carrying illegal goods from Malaysia had sharply decreased since the raid took place.

Wichai Sakunwasin, the president of Padang Besa Club, said the economy of the border town had decreased by 50-60 per cent. Not more than 100 Malaysian tourists a day now visited the town, thus seriously affecting the tourist trade.

"Prior to the crisis, there were more than 1,000 Malaysian tourists shopping in Padang Besa every day," he said.

Wichai said the two countries' governments should work out a compromise over the issue so the problem could be resolved. The Thai government might have to consider building a walkover in the area, so people could travel to each others' countries.

"Padang Besa was becoming a major economic hub in the South, therefore the Thai government should seriously consider the matter," he said.

Sangkon Phuangpradit, a customs official at Padang Besa, said he supported the Malaysian action, since it would help his department fight the smuggling trade.

Parichat Manikan, owner of the MK Guest House in Padang Besa, said her business had been badly affected.

"Some influential figures from the Thai government should help us over the issue," she said.

Mit Chewangsawa, a village headman in Padang Besa, said the problem over the area and the businesses that had sprung up were known about for a long time, but officials concerned had never been able to solve it. He said nobody knew who the no-man's land belonged to—Thailand or Malaysia. Mit said he felt sorry for the people who had lost their regular income due to the crackdown.

Hua Sae Tiao, a merchant, said his family had been doing business in the area for generations, and he did not understand why the Malaysian troops had caused trouble for him and other traders there.

#### **Board of Investment Targets Japanese Projects**

*BK2409130594 Bangkok THE NATION in English  
24 Sep 94 p B1*

[Text] The Board of Investment [BoI] yesterday set an ambitious target to attract a total of 1,500 Japanese investment projects to Thailand over the next 3 years with the automotive and electronics industries on top of its priority list.

The main committee of BoI, chaired by Prime Minister Chuan Likphai, anticipates up to Bt [baht] 200 billion in Japanese investment out of the latest effort. Besides autos and electronics, Thailand aims to lure more Japanese investment in telecommunications, metal and other processing industries.

BoI secretary-general Sathaphon Kawitanon said the plan will create jobs for 160,000 people by the end of 1997. To achieve the target, the BoI will establish ties with Japan's associations of small companies, auto-part makers and mould makers, and work out action plans to promote Japanese firms to relocate their factories to Thailand. The sharp yen appreciation and other factors have driven up the cost of Japanese companies which can no longer compete in the world market if they stay in the home country. A shortage of water is the latest problem to hit Japanese industry.

During the first 6 months of this year, 52 per cent of applications received by the BoI came from Japanese firms. Thailand also got the biggest share of Japanese investment among Asean countries. The new wave of Japanese investment is fuelled by medium- and small-sized firms which are in so-called supporting industries for automobile, electronics and other manufacturing industries.

Communications is a problem in attracting small companies which mainly use no foreign languages, so the BoI plans to provide more individual advice to potential investors to help them learn more about Thailand and its people, Sathaphon said.

The BoI, meanwhile, will join the prime minister's entourage to visit Canada later this month.

#### **Official Predicts Increased Growth, Inflation**

*BK2509085794 Bangkok Radio Thailand Network in  
English 0000 GMT 25 Sep 94*

[Text] The Thai economy throughout this year is likely to grow by 8.4 percent, against 8.2 percent as predicted earlier this year. Secretary General of the National Economic and Social Development Board Phisit Phakkasem says in terms of its annual growth rate by Asian standard, Thailand will come fourth after China, Singapore, and Malaysia. Major factors contributing to economic growth include higher exports, greater purchasing power of provincial residents, the increase in minimum wage since April this year, and continued private investment expansion.

Mr. Phisit says inflation this year will be 5 percent, compared to only 3.3 percent last year. The higher inflation rate is resulted from the increase in food prices. A cash balance surplus is expected to be observed for the seventh consecutive year, with Treasury reserves of more than 240,000 million baht at the end of the current fiscal year, scheduled for 30 September this year. The Thai economy next year is likely to expand by 8.5 percent, slightly higher than the figure this year.

#### **Government Endorses Plans To Check Inflation**

*BK2709043894 Bangkok THE NATION in English  
27 Sep 94 p B1*

[Text] The Council of Economic Ministers yesterday endorsed a package of measures to check rising inflation,



which hit 5.3 per cent last month, as concern over potential negative effects on the economy escalates.

The Commerce Ministry was, meanwhile, asked to step up monitoring of food prices which have risen sharply. Food price increases are said to be psychological, caused by the recent salary increases at government units and some private companies. Higher goods prices have also increased inflationary pressure.

The National Economic and Social Development Board (NESDB) proposed that the government help the private sector to: lower production costs and increase efficiency; adopt measures to increase the quality of Thai exports and restructure the tax system; build more confidence among investors and accelerate infrastructure projects by streamlining procedures for the disbursement of government funds.

The approved package also includes further decentralization of economic growth by gearing up credit extension in rural areas, and restructuring the agriculture sector by focusing on cash crops.

Thailand's August inflation rate rose to 5.3 per cent. The annualized inflation rate over the past eight months was 4.9 per cent.

Economic ministers yesterday also agreed to use the fiscal surplus of [baht] Bt250 billion in various ways. Government spokesman Aphisit Wetchachiwa said the government will spend Bt74 billion on the pension fund for government employees. More money will be drawn from the fiscal surplus if all civil servants join the new provident fund set up by the government. Under this system, the government as an employer has to contribute 1.5 per cent of salaries to the fund.

The government will also set aside, part of the fiscal surplus as a budget to cover the shortfall in tax revenue as more taxes will be reduced.

#### **Further on Economic Policy**

*BK2709080194 Bangkok Radio Thailand Network in English 0000 GMT 27 Sep 94*

[Text] Thailand's economic policy of 1994 to 1995 won approval from the Council of Economic Ministers yesterday as proposed by the National Economic and Social Development Board, NESDB. The policy calls for measures to ease inflationary pressure through the reduction of production costs. Inflation this year is likely to reach five percent, compared to only 3.3 percent last year. Next year's inflation rate is estimated at 4.8 percent.

The NESDB suggests that a package of measures be adopted to increase production efficiency in line with the adjustment in salaries by various agencies. It calls for elimination of bureaucratic red tape, which has caused obstacles to exports. Research and development should be promoted to enhance the quality of Thai products and increase Thailand's competitiveness in the world market.

The economic policy also seeks to create confidence among both Thai and foreign investors. The infrastructure development will be accelerated, especially mass rapid transit projects, to ease traffic congestion in Bangkok.

In addition, the government has been urged to speed up distribution of development into regional areas and agricultural reform to cope with the new policy under the GATT agreement.

### **Vietnam**

#### **Minister Le Van Triet Addresses ASEAN**

*BK2609155394 Hanoi Voice of Vietnam in English 1000 GMT 26 Sep 94*

[Text] Japan and ASEAN countries will cooperate in accelerating economic development in Vietnam, Cambodia, and Laos. Addressing the conference of ASEAN economic ministers held in Thailand last week, Vietnamese Economic Minister Le Van Triet said his talks with his ASEAN counterparts laid the first brick for cooperation between Vietnam and ASEAN.

He said: Vietnam was making efforts to become an ASEAN member soon. The meeting was an important step for Vietnam to join the ASEAN.

#### **News Conference Held on Population Meeting**

*BK2609153894 Hanoi Voice of Vietnam in English 1000 GMT 26 Sep 94*

[Text] Minister Mai Ky, chairman of the Vietnam National Committee for Population and Family Planning, has held a press conference in Hanoi on the current world conference on population and development. He said the primary concern of many countries, including Vietnam, was to stabilize population size from now to the year 2015.

Other issues such as health and birth regulations were discussed. Mr. Mai Ky, head of the Vietnamese delegation at the conference, has attracted the attention of many other participants on mobilizing the community in the population control program.

#### **Foreign Minister of Mauritius Meets Vo Van Kiet**

*BK2609153094 Hanoi VNA in English 1432 GMT 26 Sep 94*

[Text] Hanoi VNA Sept.26—Prime Minister Vo Van Kiet received here this afternoon Mauritian Foreign Minister Ahmud Swaley Kasenally who is on a six-day official friendship visit to Vietnam.

Prime Minister Kiet spoke highly of the visit's significance in respect of development of the friendship and cooperation between the two countries. He expressed his wish that after this visit, the bilateral relation between Vietnam and Mauritius would develop further and that



the two countries would share experiences through their economic and trade cooperation as well as other fields.

Foreign Minister A.S. Kasenally expressed his satisfaction at the results of the visit. He pointed out that both Vietnam and Mauritius have great potentials for development of cooperative relations for mutual benefit and that the agreement on avoidance of double taxation to be signed between the two countries would be the first step for the fine development of the Vietnam-Mauritius relationship.

#### **Meets With Vice President**

*BK2609152794 Hanoi VNA in English 1439 GMT  
26 Sep 94*

[Text] Hanoi VNA Sept 26—Vice President Nguyen Thi Binh received here this afternoon Foreign Minister of Mauritius and President of the ministerial conference of the French-speaking countries, Mr. Ahmud Swaley Kasenally who is here for an official visit.

Minister Ahmud Swaley Kasenally expressed his pleasure at the socio-economic achievements recorded by the Vietnamese people in recent years and his belief that the friendly and cooperative relations between Mauritius and Vietnam would make new steps of development. He said that he would like to support and contribute to the summit conference of the French-speaking countries expected to be held in Vietnam in the coming year.

Vice President Nguyen Thi Binh, for her part, expressed her wish for fine results of the talks and meetings between the delegation and Vietnamese concerned offices. She said that Vietnam is ready to host and actively take part in the conference and wished to receive Mauritius' cooperation and support for the cause of socio-economic development in general and with this coming important conference in particular.

Among those present at the reception were Deputy Foreign Minister Nguyen Dinh Bin, Madam Aumeer Ruddy Cziffra, ambassador-president of the Standing Council of the Francophonie (CPF), and the advisor to the president of the CPF, Mr Antoine Kara Mootoosamy.

#### **Vo Van Kiet Holds Session on Cement Industry**

*BK2409135194 Hanoi Voice of Vietnam Network in  
Vietnamese 1430 GMT 23 Sep 94*

[Text] Prime Minister Vo Van Kiet recently held a working session with leading cadres of the Construction Ministry and other relevant agencies regarding the reorganization of the cement industry in accordance with the government decision to establish a pilot production corporation.

Construction Minister Ngo Xuan Loc and Nguyen Van Thien, director general of the Cement General Company, reported on the cement industry's development plan until the year 2000, general strategic objectives until

the year 2010, the past activities and future direction of development of the Vietnam Cement General Company, the bylaws of the general company, and plans to attract capital for the development of the cement industry in the immediate future.

After listening to the reports of the relevant ministries and sectors on all issues relating to the cement industry, Prime Minister Vo Van Kiet came to the conclusion that in the country's industrialization and modernization undertaking, construction material industries in general and the cement industry in particular play important roles. The prime minister stressed that in implementing its strategies and plans, the cement industry should become one of the first industries in the country to narrow the gap effectively with other countries in the region. In working out development strategies, officials should pay the utmost attention to the exploitation of every advantage in terms of resources, materials, labor, markets, and so forth as well as the skill and experience of the cement workers. Together with the priority accorded to new investments in the construction of modern cement factories, officials should focus capital investment on the restoration and expansion of existing establishments, including local ones, in order to enhance the quality and quantity of cement. The cement industry should also diversify its production through the development of cement byproducts and other activities in order to earn more capital for the industry's expansion.

#### **Nong Duc Manh Meets Lang Son Village Leaders**

*BK2609044594 Hanoi Voice of Vietnam Network in  
Vietnamese 1430 GMT 25 Sep 94*

[Text] Comrade Nong Duc Manh, member of the Political Bureau and chairman of the National Assembly, received a delegation of village leaders from Lang Son Province highland and remote border areas at the Ba Dinh conference hall on 24 September.

After hearing a number of delegates report on the socio-economic situation and the daily lives of the multiethnic compatriots and present their proposals to the central authorities, Nong Duc Manh had cordial talks with the delegates. He hailed the achievements by the village leaders, party organizations, and people as they have overcome difficulties to surge forward, remaining dynamic and creative in their socioeconomic achievements. Many models with good economic construction records have emerged. Social vices have been dispelled in various areas.

Nong Duc Manh expressed the hope that the village leaders would uphold their roles of being worthy pillars of the party and state. They must strive to encourage their children to set good examples which everyone in their villages can follow; resolve to satisfactorily achieve unity among the local multiethnic people so as to achieve mutual progress; promptly eradicate hunger and poverty; and fulfill the goal of building a prosperous people, powerful country, and equitable and civilized society.



## TAP CHI CONG SAN

## \* TAP CHI CONG SAN for June 1994

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## \* National Financial Policy in the Present Period

943E0016B Hanoi TAP CHI CONG SAN in Vietnamese Jun 94 pp 3-6

[Article by Professor Tao Huu Phung, PhD in Economics, vice minister of finance]

[Text] Since the sixth party congress, our national economy has changed very rapidly. Economic and financial activities have become lively, and markets operating according to the supply-and-demand relationship have gradually taken shape, such as the commodity, service, and capital markets. The initial success of our country's renovation undertaking is clearly reflected in the following accomplishments: growing economy, reduced inflation, and gradually stabilized and improved living standard of the people of various strata. But, aside from these achievements, the new mechanism is also showing limitations and shortcomings such as social differentiation, the spontaneity of economic and financial activities, and so forth. In this regard, an important fact worth noting is that the role of the state has changed visibly: instead of directly interfering in the economic and financial operations of various units as it used to do in the past, the state has now established a legal system to carry out readjustments and to perform the role of macroeconomic manager. The formulation of strategies and policies, including the national financial strategy and policy, is a factor of great significance in enabling the state to play that role.

It has been determined that the objective of the national financial policy is to "procure and effectively use capital in all society, to rapidly increase social product and national income, to regulate the accumulation-consumption relationship by gradually increasing the ratio of accumulation to consumption, to gradually and steadily improve the people's living conditions, and to



achieve social justice in keeping with the level of economic development."<sup>1</sup> The national financial policy is a system of policies tailored for each financial area and financial task. Each stage of socioeconomic development requires a suitable financial policy. For this reason, the *Political Report* presented by the Seventh Party Central Committee at the Midterm National Party Conference of Delegates clearly pointed out: *We must continue to overcome at all costs the dangers and trials posed for the national economy, in particular the dangers of lagging behind economically and of corruption and smuggling*, because these are the two dangers directly linked with financial management. On the basis of this perception, I think that in the period ahead the national financial policy must be directed toward the following major objectives:

1. *The policy of mobilizing various sources of capital for investment in economic development.* The strategy for socioeconomic development up to the year 2000 set the target of doubling gross domestic product. This calls for increasing investment with a necessary amount of capital of \$40-\$50 billion. As far as sources of capital are concerned, we could mobilize from \$20 to \$22 billion from abroad through direct investment, aid, loans, overseas Vietnamese remittances, and the issuance of bonds on international markets. The rest must be mobilized from domestic savings. An analysis of the gross domestic product distribution over the past few years has shown that the savings ratio in our country is still low, or very low (only about 13% of the gross domestic product according to foreign experts' estimate, compared with the average 17-25% in developing countries and 30-34% in China). For this reason, policies and measures should be adopted to increase the ratio of savings for investment in all sectors: the state, enterprises, households, and financial institutions. In this connection, one of the important measures is developing the capital market and diversifying the instruments of this market by setting up a stock market and issuing various types of shares and bonds (government bonds, local bonds, and corporation bonds). Another important element of the capital-procurement strategy is that we must take measures to encourage savings and orient consumption. In this connection, it is required that we should adopt a policy aimed at curbing wasteful, lavish spending that exceeds the economy's capacity and the living standard of society. *At the same time*, we must implement a policy aimed at encouraging the people—and creating a proper environment for them—to invest capital in economic development according to the state-set orientation and to make effective use of savings. This policy must include measures to protect the interests of depositors and to insure the value of their deposits.

The capital-procurement strategy is closely linked with the need to use capital rationally and effectively. The effectiveness of capital is reflected in the change of the economic structure and the pace of economic modernization and industrialization. By means of policies and instruments such as tax, interest rates, state budget

disbursement, state credit policy, and so forth, the state can orient investment and directly invest in key areas, thereby serving as a moving force to impel enterprises to invest capital in accordance with the orientation of the set strategy.

2. *Monetary and credit policy.* In recent years, inflation has been curbed, but monetary and credit work should continue to be renovated. First of all, we should expand the the operations of the State Bank to include all necessary functions and should make the fullest use of all instruments (deposit, discount, open market) to control the money market. In addition, we must pay attention to controlling the volume of money in circulation after the U.S. trade embargo is lifted. In this regard, the question of exchange rate and exchange rate policy is of utmost importance to the resolution of the inflation problem and the implementation of the economic development policy and the external economic policy.

Concerning the activities of commercial banks, over the past years much renovation has been carried out in technology as well as in the mode of operation. However, as far as the service capability and the branch network of the commercial bank system are concerned, the operations of this system have fallen short of expectations. We should separate the functions of the state bank from those of commercial banks at an early date; and we should refrain from transferring capital from the state budget to commercial banks for use as the latter's business capital.

3. *Tax policy.* Tax policy has a direct influence on production, investment, social consumption, and market price fluctuations. For this reason, the state can rely of various kinds of taxes to encourage or curb production and business development. Naturally, depending on specific situations, the state can take the initiative to make new tax readjustments to influence the economy. If the economy is affected by inflation, increasing tax rates will have the effect of inhibiting the increase of general demand. When the economy shows signs of recession, reducing tax rate will have the effect of stimulating production and investment, increasing general demand, and creating proper conditions for economic recovery. Thus, tax policy plays an extremely important role in the economy because it may accelerate or reduce the rate of economic growth in the market mechanism in conformity with the orientation of economic development for each specific period of time.

At present, the tax system has taken shape and has been uniformly applied throughout the country, and the proportion of state budget collection has increased significantly, exceeding 22% of the gross domestic product in 1993. However, perfecting the tax system is still a pressing demand. A theoretical basis should be developed for determining a rational ratio of capital mobilization to ensure revenue for the state budget and to stimulate production development. In addition, it is also



extremely important to completely reform the tax collection system and apparatus and strengthen financial order and discipline to fight against smuggling and corruption.

In the tax system, business tax is drawing a great deal of attention and generating diverse opinions. Well-defined policies and necessary conditions must be created for the transition from business tax to value-added tax in order to overcome overlapping and redundancy in taxation. At the same time, we should promptly revise and amend income tax, tax levied on the transfer and granting of land-use right.... The question is how to accurately select the branches and kinds of goods the production and trading of which we should encourage so that suitable tax policies could be adopted. A point worth noting is that tax policy could help reduce the gap between the rich and the poor among the people of various strata in society.

**4. Budget policy.** To date, although state budget operations and management have been renovated, in the main the state budget has not yet operated really effectively. State budget management is still marred by much negligence, which provide a breeding ground for graft and corruption. In the period ahead, along with promulgating the State Budget Law, we should change state budget operations along the line of centralization and unification. The state budget must be an important financial instrument enabling the state to give strategic "punches" to change the economic structure and to eliminate discrimination between the central and local economies. The state budget must be strongly concentrated at the central echelon to meet the nation's important demands and objectives—such as security, national defense, and economic infrastructure development—and to implement major economic investment projects and national socioeconomic programs.

However, in state budget management there should also be a division of labor and decentralization of management responsibilities among various sectors and levels to enhance the efficiency of state budget management. Renovation of the state budget management mechanism must be reflected in the entire budget system, from preparing and deciding on the state budget to implementing, checking, and balancing it. In implementing the state budget, it is important to renovate the form of allocating funds from the state budget and change the current practice of allowing budgeted units to open their own accounts and to withdraw funds therefrom to cover expenditures. We must apply the form of allocating funds directly from the state treasury to goods and service providers. This is a very important measure in state budget management which positively contributes to the struggle against negativism and unjustified and arbitrary spending. However, in view of the situation in our country, we will certainly encounter many difficulties in implementing this principle; therefore, it must be implemented step by step.

Another problem in the budget policy is the problem of budget deficit and how to deal with it. It is our consistent

policy not to spend beyond our means, to use our regular revenues from taxes and fees to cover all our regular expenditures, and to constantly increase savings for investment in capital construction. If we lack capital for investment and have to use funds from the state budget, such spending must be ratified by the National Assembly, and we will borrow money from the people or foreign countries to make up for the shortfall.

**5. External financial policy.** In the new phase of development of the national economy, there are many favorable conditions for external economic and financial activities, but there also are no few difficulties and trials. To enable our national economy to join the world economy, our financial policy must be aimed at encouraging technological improvement and creating proper conditions for the production and trading of exportable goods. The tax and budget instruments play an extremely important role in this matter. Tax policy must be aimed at creating favorable conditions for export activities by determining a rational tax scale for goods imported for use in the processing of exportable goods. Using the budget to finance the production and processing of exportable goods should be considered an important state policy. A recoverable fund may be established in support of development, and a portion of this fund should be set aside for lending at low interest rates to promote the production and trading of exportable goods.

In addition, another important element of the external financial policy is developing financial relations with other countries and international financial institutions and securing their support by mobilizing preferential sources of financial aid (ODA)[expansion unknown] and making effective use of these sources of capital. With regard to foreign investment capital, it should be used selectively, and a suitable policy should be adopted to enable foreign investors to invest with peace of mind and, at the same time, to create proper conditions for local businesses to develop, thereby ensuring healthy competition and preventing foreign businesses from dominating and seizing the domestic market.

In the period ahead, there still is great demand for investment capital for the economy. It is our position to use the domestic sources of capital as the basis; but it is also necessary to attract foreign sources of capital. For this reason, in addition to the (ODA) sources of financial aid and the direct sources of investment capital, there should be diverse policies aimed at encouraging remittances by overseas Vietnamese and opening our door to international capital markets through the application of these forms: issuing government bonds or corporation shares or bonds in a number of international markets. This is a new domain of activity that should be ensured by a system of laws and that calls for careful preparations and appropriate steps.

**6. Business financial policy.** Our country's economic establishments include enterprises of diverse economic sectors, with the state enterprises holding the leading



position. The policy of our party and state, clearly reflected in the Constitution and other legal documents, is an incentive policy aimed at creating proper conditions, corridors, and environments for enterprises of all economic sectors to develop. With regard to state enterprises, their leading position is reflected not in their numbers or their turnover but in their creation of premises and conditions for the development of other economic sectors. At the same time, state enterprises ensure satisfactory market readjustments and prevent monopoly and shortages that may lead to a chain of economic crises (and upset prices). However, at present there still is a large number of state enterprises, many of which are incapable of fulfilling their roles. Regarding these inefficient enterprises, it is the state's policy to diversify their ownership by carrying out corporatization.

The management mechanism of the remaining state enterprises should be renovated to settle once and all the relationship between *the owner* (the state) and *the user* (the board of directors) according to the guideline that the state must fulfill its role as the state enterprise owner. But, at the same time, each state enterprise has the right to autonomy and must be responsible for its own production and business operations. One of the important steps toward achieving this aim in the legal domain is the promulgation of the Law on State Enterprises. Once this law is promulgated, the founding and management of a state enterprise will and must be done according to the law. One of the purposes of the renovation of the financial policy toward state enterprises is to renovate the business accounting system in accordance with the market mechanism. This is aimed at ensuring an accurate and truthful account of all expenditures and results, strictly prohibiting all manifestations of fraud and untruthfulness that cause losses of state property and public funds, and strengthening control and supervision over accounting in state enterprises.

In short, the national financial policy is a system of policies designed for each financial area and task. In the process of changing the economic management mechanism, there should be a suitable financial policy aimed at promoting economic development. For the national financial policy to be introduced into life, certain conditions are required. We must train a contingent of capable, skilled financial managers. There must be a full-fledged legal system and an effective control and inspection system. All violations of the law (such as graft, corruption, tax evasion, and so forth) must be promptly and strictly dealt with. And, finally, a compact and rational financial management apparatus must be organized in all sectors and at all levels.

#### Footnote

1. *The Strategy for Socioeconomic Stabilization and Development Up to the Year 2000*, Su That Publishing House, Hanoi, 1991, p 27.

### Some Thoughts on the Process of Industrialization and Modernization in Our Country

943E0017A Hanoi TAP CHI CONG SAN in  
Vietnamese Jun 94 pp 30-33

[Article by Mai Huu Thuc, M.A. in political economics, Hanoi National College of Economics]

[Text] Industrialization is a process with the nature of a universal law for all countries. Our country has been industrializing since the 1960s; however, at present, the question of how to determine viewpoints on industrialization correctly is something that needs to be studied further.

For Vietnam, industrialization is aimed at building the material and technical base of socialism. It is the path by which our country can escape from poverty and backwardness. How should we carry on industrialization and modernization in order to achieve the greatest economic and social results? That is the question that controls the entire process. More specifically, which model of industrialization should our country use? What processes should be used? How will the economic structure change during industrialization and modernization? In this article, I want to discuss these questions?

#### 1. A Model of Industrialization

There are many models of industrialization, but there are two general models: import substitution industrialization (internal orientation) and export oriented industrialization (external orientation).

In the past, our country's industrialization originated for the most part from domestic needs—an internal orientation. Many other countries, too, carried on industrialization based on this model. There are profound reasons for this. These countries are former colonies. After they won political independence, they naturally wanted to win economic independence and so they wanted to sever all ties with the former suzerain country. The import substitution industrialization model is in line with that wish. Reality shows that industrialization based on this model is ineffective. Additionally, because of mistakes concerning investment orientation (giving priority to heavy industries, particularly machine and manufacturing industries, and desiring large-scale industries), industrialization has achieved even less. Because of this, there have been serious imbalances in the economy.

Learning from past lessons, which model of industrialization should our country use?

Today, a strong scientific and technical revolution is taking place throughout the world, particularly in the developed industrial countries. This has become a very important factor in promoting social progress and taking mankind to new heights of civilization. Because of this revolution, the economic structure of each country and of the world and the international division of labor are undergoing profound changes. With many related forms,



the modern economy is moving toward becoming a global system in which the economic relationships between countries are mutually dependent on each other. But this mutual dependence is determined by international division of labor and cooperation relationships. It is not determined by the mother country-colony relationship as in the past. In such conditions, Vietnam must open up economically, participate in the international division of labor and cooperation, and make full use of the comparative advantages in international economic relationships.

In deciding on a model of industrialization for our country, attention must naturally be given to the points just discussed. However, in determining a model of industrialization for a country, attention must also be given to the specific situation of that country. Not every country can industrialize in accord with the "externally oriented" model, meaning that it doesn't have other factors or will never be "internally oriented." South Korea, for example, has used an "externally oriented" strategy, but now it is giving greater attention to domestic markets. Japan is shifting from an export-oriented economy to a consumption-oriented economy. Actually, there is no absolute wall between "external orientation" and "internal orientation." The only difference is the emphasis they place on where markets should focus, "externally" or "internally."

In our country's conditions, industrialization should probably be based on an integrated model, that is, both "externally and internally oriented," with "external orientation" being the primary focus. This means that we must focus our strategy on exports. The problem is that our country must find its own strengths in the international division of labor and cooperation. To do this, attention must be given to two key issues: 1. renovating and balancing light industry so that the commodities produced can compete on world markets, and 2. making full use of the comparative advantages, determining which types of goods to produce for export, and determining which types of goods need to be imported.

However, along with focusing on exports, attention must also be given to domestic markets. We must produce those goods that can be produced domestically and effectively in order to replace imports. This will provide consumer goods needed by the people and reduce the amount of foreign currency spent on importing those types of goods during the industrialization process. Today, imported goods, particularly Chinese consumer goods, are flooding our markets. What is very unusual is that many of these goods could be produced using domestic raw materials, and their quality would be even better.

In order to stabilize domestic markets and the "internally oriented" production sectors, the state must implement necessary measures to provide protection. The experiences of the developing countries show that during the initial stage of industrialization, these countries

usually export primary products (raw materials or semi-processed products) and import industrial products. Because of this, they have to accept an unfair exchange and are hampered by the developed industrial countries. Thus, the developing countries must take steps to gradually increase the percentage of industrial goods exported. For example, when South Korea first began industrializing, it exported mainly labor-intensive goods. But according to estimates, by the year 2000, one-third of South Korea's exports will be high-tech goods. As for Vietnam, in order to avoid the unfair exchange mentioned above, we must replace our technology and use modern technology in production in order to gradually increase the percentage of industrial goods exported.

## **2. The Stages of the Industrialization and Modernization Process**

The scientific and technical revolution is causing the factors of the production and social forces to grow and undergo qualitative changes. A large-scale and comprehensive revolution is taking place within the system of production forces. That is, production is being automated and computerized. New sources of energy, new materials, and new technical processes are being used. Thus, this scientific and technical revolution has led to a qualitative renovation of the current production apparatus based on the new technology.

Making use of the achievements scored by this revolution, the countries in this region are developing very actively. South Korea, which used to be a country of poor farmers, has become the most advanced of the newly developed countries (NIC) and is one of the leading countries in the information age. Taiwan is transforming its economy from the production of simple products to the production of high-value electronic products. In recent years, China has maintained an average economic growth rate of 10 percent a year, and, as Mr. "Dang Tieu Binh" has said, by the year 2050 China will have become an "average developed country." As for Thailand, although it has not completed the industrialization process, it is moving from an agricultural economy to a travel economy. According to a number of researchers, the newly industrialized countries (NIC) in general have revolutionized their economic development theories. They have apparently bypassed the industrialization stage and moved directly to an information economy.

Naturally, the stages of industrialization in our country will be determined by our country's specific conditions. Even so, we must give attention to the effects of the modern scientific and technical revolution and to the dynamic development of the other countries in this region as discussed above.

In conditions in which our economy is still a backward agricultural economy, industry is small, and the infrastructure is weak, we don't have the ability to mechanize every economic sector and every production process simultaneously. And we cannot bypass mechanization



and move directly to full automation. But this does not mean that we must use all the processes initially used by the industrialized countries: manual, semi-mechanized, mechanized, and automated. In Vietnam, we must deal simultaneously with many technical processes and levels that other countries had to deal with in different periods. We must become accustomed to a high-technology environment and at the same time coordinate traditional techniques with modern technology and strive to modernize traditional techniques. Thus, industrialization must go hand in hand with modernization.

The main stages of industrialization and modernization in our country are partial mechanization followed by synchronized mechanization and then automation. But a number of production installations and a number of sectors can automate and computerize production immediately, creating spearheads with respect to modern technology. That is, we must look for opportunities to take shortcuts in order to reach the advanced scientific and technical level of the world.

Thus, the industrialization and modernization process is a process of raising the scientific and technical standards of each sector by coordinating many technical standards and emphasizing modern technology. Here, the problem of choosing suitable technology is very important in order to ensure that this is in accord with the country's capabilities and to maintain the progressive nature of the technology so that we can compete.

The above conditions have determined the direction of investment and the coordination of the various sizes of the projects. The main direction of investment is intensive investment in coordination with broad investment. In coordinating the various sizes, the emphasis is on medium- and small-scale projects and the selective construction of a number of essential large-scale projects that the country can build and build effectively. (Actually, because of the effects of the modern scientific and technical revolution, the percentage of medium- and small-scale enterprises is increasing even in the developed countries.) In coordinating the various sizes, the appropriate size is determined mainly based on the sector and sphere. For example, with respect to a number of sectors that produce consumer goods, a medium- or small-scale is appropriate and effective. But most heavy industries must be large-scale industries.

### **3. Shifts in the Economic Structure in the Industrialization Process**

Industrialization and modernization will necessarily lead to changes and shifts in the economic structure. Previously, industrialization meant shifting the economy from agriculture to industry. Now, in the developed industrial countries, this means shifting the economy from industry to services.

Along with industrialization and modernization in our country, which are related to a qualitative renovation of

the production forces and production techniques, our country's economic structure will change.

When studying the stages of industrialization, people distinguish three stages. The first stage is the stage in which the preconditions for industrialization are created, such as creating capital, training ranks of scientific and technical cadres, skilled workers, and managerial cadres, and developing the material infrastructure to a certain degree. The second stage is the stage in which industrialization is carried on vigorously. The conditions for doing this include satisfying the essential needs of the people, accumulating sufficient capital to generate a high rate of economic growth, and having a number of important sectors with the production capabilities to satisfy the requirements in shifting the structure in the direction of strengthening the processing industries. The third stage is the stage in which the structure is perfected. During the first two stages, because of the need to concentrate on a number of sectors and spheres with the capacity to stimulate economic growth, imbalances might be created. Thus, during the third stage, additional money must be invested in the weaker spheres in order to achieve a balance, that is, the economic structure must be perfected.

According to this way of dividing things, it can be said that Vietnam is in the first stage of industrialization. But as was noted at the 7th Term of the National Congress of Delegates, the important achievements that have been scored are creating the preconditions for the country to move into a new period of development, a period of industrializing and modernizing the country.

Thus, how will our country's economic structure be formed and transformed in the present stage and in the future (the beginning of the 21st Century)? In order to satisfy the essential needs of the people and accumulate sufficient initial capital for industrialization, attention must be given to industrializing and modernizing agriculture, expanding agriculture, forestry, and pisciculture in all respects in conjunction with expanding the industries that process agricultural, forestry, and marine products and the industries that produce consumer goods and export goods, and expanding commerce and services. To create the conditions for strengthening the economy, a number of heavy industrial installations must be selectively constructed in primary sectors for which our country has the capital and technology to do this effectively. We must improve and build the material infrastructure in sectors that are hampering development. Thus, the economic structure of our country is now an agro-industrial-services structure.

Once we have sufficient conditions to expand industrialization and basically complete this stage, our country's economic structure will become an industrial-agricultural-services structure. Looking at this from the standpoint of sectors, our country's economic structure is a multi-sector structure. In this, key economic sectors of the country have been formed.



#### 4. Industrialization and the Problem of Maintaining the Country's Independence and Sovereignty

Enemy forces are urgently implementing their "peaceful change" plot against our country. They are using a variety of destructive plots in many spheres, particularly in the ideological and economic spheres. Thus, in industrializing, developing the economy, and expanding foreign relations, we cannot relax our vigilance, which could result in our losing our independence and sovereignty or becoming trapped by evil people.

Some people say that in today's conditions, economic considerations should outweigh political considerations. That may be appropriate for other countries, but it is not appropriate for our country, a developing country that only recently won independence. For us, maintaining independence and sovereignty is an immutable principle.

As we know, one of the obstacles that is difficult for developing countries to overcome in the process of industrializing and modernizing is the lack of capital. Our country is encountering this problem, too. Because of this, some people want to use the need to attract investment capital to pressure us into accepting political pluralism. We must be very vigilant. On one hand, we must strive to implement investment plans based on the precept of both sides benefiting. On the other hand, we must examine the investment goals carefully and formulate plans based on our needs.

I would like to add that not every country needs aid from the West to develop. For example, the Chinese economy is on the second wave of development. Southern China has been able to sustain its growth thanks to the dynamism in the region without needing any large infusions of capital. Because of this, with respect to Vietnam, outside sources of capital are important, but domestic sources of capital are decisive. Borrowing investment capital from abroad and receiving aid must be examined from both an economic standpoint and from a political and security standpoint.

It should not be forgotten that people's thinking can be corrupted through aid, investment, and economic, cultural, educational, and legal cooperation. In particular, economic and political orientations can be altered through theoretical training concerning a market economy and Western laws. Thus, when accepting technology, investment, cooperation, and aid from abroad, particularly from the West, every echelon and every person must be vigilant and cautious.

What is decisive for maintaining the country's independence and sovereignty is to create a modern material and technical base during the industrialization and modernization process so that Vietnam can avoid falling behind and can form the necessary economic structure that will enable our country to participate in the international division of labor and cooperation and develop an independent economy with a high growth rate.

#### \* Effecting New Change in the Areas Inhabited by Ethnic Minorities

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[Article by Tran Quang Nhiep]

[Text] In the more than 3 years since the resolution of the 22d Plenum of the Party Central Committee and Decision 72 by the Council of Ministers (now the government) were issued, together with the policies and new work methods of the sectors at the center and in the localities, the ethnic minority areas have undergone notable changes.

Economically, changes have been made in the patterns concerning crop cultivation, animal husbandry, forestry, the garden and hill economies, forest gardens, and a number of traditional occupations of the tribal people. People in many areas have exploited their strengths, obtained capital, seed, and technology from the state, and built model farms and forest gardens and raised livestock, and they have achieved good results. The new crop cultivation and animal husbandry patterns, which are aimed at producing commodity products tied to domestic and world markets, have opened the path to developing the economy of the ethnic minority areas and gradually eliminating the self-sufficient economy. The implementation of the economic and social development plans and programs of the state and international organizations has helped people in many places expand forestry in conjunction with covering the barren hills and protecting the environment. Many traditional occupations have been revived, which has revived the economy of the people. Thanks to this, their standard of living has improved, and a number of old problems, such as the problem of grain, have gradually been solved.

Clear progress has been made in the spheres of education, culture, information, and public health. Many central tribal schools have been solidified and upgraded, and they are attracting more and more minority children. The collective public health program, which is aimed at looking after and protecting the health of the people, is becoming more and more practical and achieving better and better results. The information, cultural, and radio and television broadcasting activities carried on in recent years have had a direct effect in improving the spiritual lives of the people.

However, the mountain areas still have many problems and weaknesses. There are three points in particular that need attention:

1. Production has expanded, but the rate of expansion is slow. The tribal areas in the mountains are still very poor areas. The gap between the level of development and standard of living here and that in other areas has not narrowed but has continued to widen. The economy in the tribal areas, particularly in the highland border areas and remote areas, is weak and sluggish and has a natural and semi-natural nature. The incomes of the tribesmen



are very low. In many districts, more than half of the people live in poverty, they lack water for daily life, travel is difficult, and disease is endemic. The lack of water for production and daily life poses a major obstacle to settling the nomads. The gap between the standard of living and the intellectual and cultural standards in the lowlands, cities, and areas near communications routes and those in the highlands and remote areas continues to widen. In many areas, the percentage of illiterate people in the 15-35 year-old age group is still high. Many children of school age aren't able to attend school. Most primary schools are in very poor condition. There is a shortage of primary-school teachers in many areas, especially ethnic minority teachers who grew up in the local area.

Diseases and the factors that cause disease are still quite prevalent. There is a shortage of public health cadres and public health means as compared with need to protect and improve the health of the people. Except for a number of places near communications routes and economic and cultural points, the tribesmen in many places know nothing about cultural and information activities or books and newspapers and they have had no contact with advanced civilization. Superstition is still widespread in many places, and this has a great influence on the production and daily lives of the people. In many tribal areas, the birth rate is still high. Conversely, in a few tribes, for various reasons, the birth rate is lower than the death rate. But in general, the quality of the tribal population is low, and the make-up of the tribal population is uneven.

2. The economic infrastructure and the social infrastructure are still very weak and backward, and this has hampered the development of production and social life. Many areas have not had any roads or been able to open any roads in years. Many of the existing roads have not been repaired for a long time and so they have deteriorated. This has limited their use. This is one of the most important reasons for the increase in the gap between these places and the lowlands. In particular, in the border highlands and remote areas, many places are without roads for automobiles, and the footpaths are very difficult. Thus, it is very difficult for a commodity economy, market factors, and cultural and social advances to reach these areas. Information and posts and telecommunications have reached only the district [seat]. Except for a number of convenient areas, few of the remote tribal areas have electricity to support the production and lives of the tribesmen. Mountain-area water conservancy is a pressing requirement of production, but this requirement has not been satisfied. Many villages do not have schools, medical aid stations, hospitals, cultural centers, movie theaters, libraries, or farm stations.

3. Environmental resources continue to be destroyed, which is causing many immediate and long-term effects. In almost all of the tribal areas, resources such as timber, forest products, marine products, minerals, and special

products, including precious minerals such as gold and gemstones, are being extracted haphazardly. Watershed forests and valuable types of resources have been depleted, and it will be difficult to restore these, the consequences of which are terrible. This has a direct effect on many tribal areas. Because of this, there is a shortage of farmland and water for daily life, and the environment has been exhausted. As a result, the people must move and look for new places to live. Many households in the northern mountain provinces have freely migrated to southern provinces, which has caused instability and led to land disputes. Of the tribesmen who have migrated freely, 70 percent lead difficult, unstable lives. There has long been a vicious circle of "poverty-migration-forest destruction-poverty." This has not yet been overcome and is something that all of society is concerned about.

In order to overcome the above difficulties and bring about new economic and social changes in the tribal areas in coming years, we must concentrate on carrying out the following main tasks:

1. We must renovate the economic structure based on exploiting the strengths of each area and concentrate on growing a number of plants in conjunction with carrying on processing based on commodity production. For many years, in the mountain areas, grain has been a very restrictive factor and caused confusion in determining the economic structure. Today, with the market mechanisms, that factor has been dealt with. Clearly determining the strengths of each area in order to build a suitable economic structure is very important in developing each tribal area. Actual experiences in many places have shown that even in areas where the arable land is poor, if the crop allocation is determined correctly and the state helps provide capital, seed, and technology, prosperous economic areas can be created using hill and forest garden models with forest, short- and long-term industrial crop, fruit tree, and animal husbandry patterns based on an integrated agro-forestry formula. Building economic models suited to each area will replace the old, ineffective economic structure of the self-sufficient economy and produce a variety of commodity products. Naturally, this must be tied to opening roads in order to have a flow of goods and expand commodity production. Along with this, an active attempt must be made to obtain and reserve investment capital to obtain suitable technology and equipment. This must be regarded as an important factor in promoting commodity production and opening commodity markets in the ethnic minority areas. Attention must be given to manifesting the activist role of the heavy industry installations, mining installations, and state farms and forests. They must provide practical help and work with the peasant households in order to concentrate efforts on exploiting the economic potential of the locality.

2. The work of turning over land and forests must be guided well, and the multi-faceted economic policy must



be implemented uniformly in the ethnic minority areas. Turning over land and forests is a major policy that has not only economic meaning but also great significance on many social fronts. The forest garden, hill, and farm economic models have shown that when the people are given control of the land, not only does this regenerate the land, but this also exposes many of the people's creative capabilities. In areas where land and forests have been turned over to people, the people have produced a large number of products, the lives of the people have clearly improved, and many households have become quite prosperous. Thus, expanding the household economy along with turning over land and forests is an effective measure that is in accord with the special economic and social conditions in our country's tribal areas. Along with providing help and enabling the peasant households to expand commercial production, the prosperous households with labor strength must be encouraged to accept more land to expand the scale of their commercial activities.

3. Efforts must be concentrated on solving the pressing problems concerning the infrastructure and social base. The leading task is to upgrade and expand the communications and transportation system, increase electricity output, and improve information and liaison conditions. Solving these problems is the decisive condition for transforming the self-sufficient economy into a commodity economy and expanding tourism and services.

In conditions in which investment capital is very limited, efforts must be concentrated on completing the priority projects for which funds have been allotted on time. At the same time, an effort must be made to find additional sources of capital in order to invest in other essential communications projects. An effort must be made to improve the network and the quality of communications and transportation along the main communications routes in the tribal areas by the end of 1995. Things must be coordinated with the central state economic units and with the army units stationed in the area to exploit the sources of capital, manpower, and technology in order to expand the communications network and link the main communications lines to form a complete system. Surveys must be conducted and plans formulated for building an electrical network for a number of population zones near large hydroelectric plants. Expanding the hydroelectric installations and national power grid must be linked to building medium-sized and small-scale water conservancy projects in order to serve production and the lives of the people.

Expanding the information and posts and telecommunications network is a pressing need in order to develop the economy and society and maintain national defense and security. From now until 1995, progress must be made concerning information within the region and in forging links with the national and international information networks. The immediate thing is to concentrate capital on building a number of microwave installations, improving and expanding the information networks

within the provinces, installing additional telephone exchanges, and providing suitable means of information.

4. Attention must be given to implementing the social policies in the mountain areas. Specific and practical plans must be formulated concerning the settlement of nomads in the provinces where tribesmen lead a nomadic life. The settled farming, settled life centers must be strengthened and guided, and the people must be given help for a number of years in order to stabilize their lives and steadily expand the economy. The settlement of nomads must go hand in hand with carrying on afforestation, providing grain, drinking water, and water for daily life, planting industrial crops, and planting vegetation to cover the barren land and hills. The land used for the settlement of nomads must be good land. It must be in a convenient location and be acceptable to the village elders and village headmen.

The national programs concerning public health and the prevention and control of primary diseases such as malaria, goiter, plague, and venereal diseases must be implemented well. Medicines, doctors, and iodine must be available for people who need treatment, particularly in the highlands and remote areas. Mobile public health units must be organized to visit the principal areas and remote areas. The highland primary public health network must be solidified, with the village used as the unit. And effort must be made to ensure that all villages have public health facilities within the next few years. Additional zone general examination rooms must be built, money must gradually be invested in upgrading the provincial hospitals, and more and more tribesmen must be trained as public health cadres.

The contents of the programs and the teaching methods must be formulated in accord with the special characteristics of the tribal areas and the size of the villages. The boarding schools for ethnic minorities must be solidified in order to create long-term sources of cadres. At the same time, the quality of the training provided at the vocational schools and colleges in the mountain areas must be improved.

Practical measures must be implemented to maintain and provide additional mass means of information, and attention must be given to the cultural lives of the people. The good practices and cultural traditions of the tribesmen must be respected and exploited. Attention must be given to studying and preserving the national cultural treasures.

5. Security and national defense must be maintained. The complex changes taking place in the world and region are affecting our country, and enemy forces are carrying on destructive activities in the country. Because of this, maintaining security and national defense in the tribal areas is extremely important. In particular, with respect to those tribesmen who live along the border, in the highlands, and in remote areas, attention must be given to their standard of living, their understanding and patriotism must be increased, and they must be made



aware of the destructive plots of the enemy. Defense capabilities must be strengthened, the complex problems that arise must be dealt with promptly, and political and social stability must be maintained in each area.

The above tasks can be carried out effectively only if we give attention to the following:

1. We must increase the role of the state in economic and social development in the tribal areas. Specifically, the state must invest, provide active support, and give priority to this. There are many things that must be done. If the tribesmen are left on their own, it will be impossible for them to do everything. Here, it is essential that the state create satisfactory conditions to enable the tribesmen to grow. Above all, conditions must be created to enable them to stabilize their lives and satisfy the minimum cultural and social requirements so that they can gradually overcome the complex difficulties. State investment through plans must be controlled tightly in order to avoid losses and achieve results. The state must study things carefully in order to formulate appropriate, unified, and long-term economic and social policies for the tribal areas.

2. We must strengthen the role of the provincial echelon, which is the echelon that is primarily responsible for balancing things with respect to economic and social

development plans in each area. The provincial echelon must actively formulate specific plans and guide, control, and monitor the implementation of the plans in the province. The leading provincial organizations must regularly monitor things at the primary level and grasp the situation so that they can implement correct and timely measures on the spot to solve the problems that arise and generate forward momentum for the areas. The provinces and central echelon must work together closely, provide unified and centralized leadership, and avoid deviations, dispersal, and an inability to mobilize the common strength.

3. We must actively train and retrain the cadres who work in tribal areas. They must have knowledge and a variety of talents in order to mobilize, propagandize, and educate the tribesmen so that they implement the positions and policies of the party and state. Training local tribesmen to become cadres holds a leading position in the training work. There must be policies to educate, train, and use the cadres in the tribal areas in a satisfactory manner. They must be encouraged to set their minds at ease and volunteer to serve for long periods in the mountain and tribal areas. Policies must be implemented to compensate and use those village elders and village headmen who are respected by the tribesmen.



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